Sc.tt. II-27—104,036—4-11-42.

Food & Agri (1950) Department.

MS SERIES.

Passed
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G.O. NO. 283

283

Dated 16.2.51

16.251

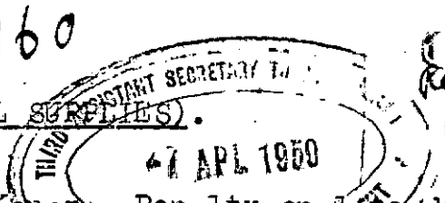
[Despatch Abstract.]

Sub:- Procurement - Distribution - South Kanara - Dt - Loss of Rs 91641-12-0 incurred by Dt. S.K.C.C.W. Stores - towards - transport Charges - in 1944-45 - Temporary enhancement in the wholesale issue price till loss is recouped - Orders passed.

F.G.A. No. 28160

BOARD OF REVENUE(CIVIL SUPPLIES).

Subject.



Rec'd 15/50

PROCUREMENT--Rice and paddy--South Kanara--Penalty on late deliveries--Remittance.

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Bd's Ref.No.27470-UII/50-1,CS,
Dated 25th April 1950.

From

Sri.V.S.Hejmadi.,I.C.S.,
Commissioner of Civil Supplies,Madras.

Sri.K.Subba Rao.,B.A.,
Jt.Secretary to the Commissioner of Civil Supplies,Madras.

Ref:-1.From the Collector of South Kanara Ref.C.No.W7-27055/48, dated 21-2-1950.
2.From the Collector of South Kanara Ref.10896/49.W7.,dated 12-3-1950.

The Board submits copies of the letters from the Collector of South Kanara with the following remarks.

2.The South Kanara Central Co-operative Wholesale Stores realised a sum of Rs.67,683/- by way of shortpayments to producers for deliveries of foodgrains made after the due date during the year 1944-45. The Stores represented that it had incurred a loss of Rs.91,614-12-0 by way of transport charges and requested the Board that the sum of Rs.67,683/- referred to above might be made over to the stores to meet the loss. The Government ordered in G.O.No.Ms.678,Food,dated 30-7-1949 that the sum of Rs.67,683/- as well as the savings effected in the subsequent years amounting to Rs.2,46,385-7-0 in all should be taken over immediately from the Stores and credited to the Government. (Out of this sum, the Stores have already paid one lakh and a balance of Rs.1,46,385-7-0(Rs.67,683 + Rs.78,702-7-0) is still due from them.)

3.The Collector of South Kanara had already been informed by the Board that the action of the Central Stores withholdirg payment of the amount till the settlement of their claims for transport charges incurred by them for 1948-49 was very unreasonable as the one had nothing to do with the other and that the Stores should be advised to remit the balance according to the orders of the Government. The Government were also informed of the attitude of the Stores in Bd's Ref.No.57674-UII/47-34,CS, dated 21-11-1949. The Executive Committee of the Stores has since passed a resolution(copy enclosed with the Collector's letter first cited) refusing payment of the balance due from the Stores. The Board therefore requests that the Government may direct the Stores to remit the balance due to the Government without further delay. The Government may also consider whether and if so what legal steps are necessary to recover the amount from the Stores.

4.With regard to para 2 of the Collector's letter first cited above, the Board is examining the claim of Rs.1,02,359-12-3 by the Stores and a report will be submitted to the Government separately.

5.With reference to the Collector's letter second cited above, the Board submits that the sum of Rs.4,620-11-5 due to the Stores towards excess collection made against price surcharge may be adjusted towards the sum of Rs.1,46,385-7-0 due from the Stores and the balance of Rs.1,41,764-11-7 recovered from the Stores.

for JOINT SECRETARY. 28/4/50

To
The Secretary to Government,Food & Agriculture Department,Madras.
Copy to File.No.36477-UII/50.Spare copy.1. (with encl).
NAG/26-4-1950.

Copy of Ref.C.No.W7.27055/48, dated 21-2-1950 from the Collector of South Kanara, to the Board.

Sub:-Procurement--Rice and paddy--South Kanara District--Penalty collected on late deliveries--Remittance of.

Ref:-1.Bd's Ref.No.57674-UII/47-33,dated 21-11-1949.
2.This office Ref.C.No.27055/48,dated 18-12-1949.
3.From the President, S.K.C.C.W.Stores Ltd.,Rc.971/45.F dated 13-2-1950.

I enclose a copy of the letter received from the President, S.K.C.C.W.Stores Ltd., Mangalore. He expressed his inability to remit the balance and amount of penalty collected on late deliveries of rice and paddy which is now held in the suspense account of the Stores. The execution committee of the Stores is of opinion that the claim of the stores for reimbursement of the loss incurred by it in 1944 was not decided by the Government and has therefore resolved that the amount due to Government from the stores should not be remitted until the Government finally decide the claim. This claim of the stores was recommended by the Board to Government in Bd's Ref.2949.UII/46,CS, dated 16-4-49. In Bd's Ref.No.2929.UII/46-26,CS,dated 30-8-49, I had been intimated that the claim of the Stores was not accepted by the Government. I invite attention to this office reports Ref.C.No.W7.27055/48, dated 4-10-1949 and 18-12-1949 wherein I requested that the Government may be again be addressed and that I may be intimated in due course the reasons why the claim of the stores came to be rejected. I request early orders in the matter.

2.Another claim of the Stores for Rs.1,02,350-12-3 is detailed by me in my report being submitted separately. Until these claims are decided by Government the Stores is unwilling to pay the balance amount due from it. I request early orders.

/True copy/.

Copy of letter Rc.971/45-F, dated 13-2-1950 from the President, S.K.C.C.W.Stores Ltd, Mangalore to the Collector of South Kanara.

Sub:-Procurement and rationing--Penalties collected on late deliveries--Remittance of amount.

Ref:-Your Ref.C.No.27055/48, dated 31-1-1950.

Your reference cited was placed before the Executive Committee of this Stores for consideration and a copy of the Resolution passed in the matter is herein enclosed.

In view of this resolution, I regret my inability to remit the amount called for by you until the orders from the Government are received on consideration of the claims of this stores referred to therein.

..

Extract from the Proceedings of the meeting of the Executive Committee held on 12-2-1950.

****

AGENDA.	RESOLUTION.
Ref.C.No.W7.27055/48,dated 31-1-50 of the Collector of South Kanara, Mangalore requesting remittance of Rs.146385-7-0 being penalties collected and held by this stores as the Government has not accepted	The Committee is in complete agreement with the President' statement that the claim has not been decided upon by the Government and considers that the question of payment of th

(P.T.O)

the claim of this stores for reimbursement of the loss incurred in the movement of foodgrains in 1944.	balance of Rs.78702-7-0 be left for consideration on receipt of the decision of Government in the above claim and also of an analogous claim of Rs.102359-12-3 in respect of the transport charges incurred during the period from 1--10-1948 to 10-3-1949.

/True copy/.

Copy of Ref.10896/49.W7, dated 12th March 1950 from the Collector of South Kanara, to the Board.

Sub:-Prices--Rice, paddy and millets--South Kanara District--Enancement with effect from 21-11-1948--Collection of price surcharge on stocks held by the Wholesaler-Excess collection--Refund of.

The stocks with the Wholesaler of this District viz. The S.K.C.C.W.Stores Ltd., Mangalore at the close of 20-11-1948 was as follows as reported by the President of the Stores. A sum of Rs.9,55,687-14-6 was provisionally demanded from the Stores under "Price Surcharge .

Stocks reported by President.				Demand.
Rice.	Muras.	Kalsige.	Seers.	
I Sort.	14947	1	6¼	Rs. 37,602 -4- 2
II sort.	1,86,753	2	1¼	4,81,474 -5-10
Paddy:				
I sort.	21,629	1	5¼	28,388 -9- 8
II sort	3,03,793	1	12	4,08,222-10-10
			Total	Rs.9,55,687-14- 6
			Deduct Sales Tax	14,932-10- 0
				9,40,755- 4- 6

As ordered by the Board, the stocks reported by t wholesaler were got verified withreference to Stock registers of each depot. This verification revealed that the stores ha actually the following stocks at the close of 20-11-48 and th demand was therefore revised accordingly.

Stocks at the close of 20-11-1948:				Demand.
Rice.	Muras.	Kalsige.	Seers.	Rs. a. p.
I Sort.	13,489	1	1¼	33,934 -2- 9
II sort.	1,86,322	2	11¾	1,80,363-13- 9
Paddy:				
I sort.	21,629	1	5¼	28,388 -9- 8
II sort.	3,03,792	2	5½	4,08,221 -9- 2
				~~9,06,908~~ -3- 4
			Deduct sales tax due on surcharge amount.	450,908 14,857-15- 0
			Net demand.	9,36,050- 4- 4 p.t.o,

As sum of Rs.9,40,845-11-6 was collected from the Stores as shown below and remitted into the Treasury as follows:

Chalan.	Date of remittance.	Amount remitted. Rs. a. p.	Name of Treasury where the amount was remitted.
323	29-4-49	40503-0-6	Dt- Treasury.
56	7-5-49	100000-0-0	-do
114	14-5-49	100000-0-0	-do-
130	17-5-49	100000-0-0	-do-
184	23-5-49	100252-4-0	-do-
203	24-5-49	100000-0-0	-do-
234	26-5-49	100000-0-0	-do-
250	28-5-49	100000-0-0	-do-
257	31-5-49	200000-0-0	-do-
307	29-6-49	90-7-0	-do-
		940845-11-6	

Thus, it would be seen that a sum of Rs.4,795-7-2 has been collected in excess of the demand from the Stores which is refundable to the Stores. But the President of the Stores has claimed only a sum of Rs.4620-11-5 which alone have to be refunded to him. Though a sum of Rs.1,46,385-7-0 is due to Government from the Stores towards the amount of Penalty collected by it on late delivery of rice and paddy (pending action in Board's Ref.57674-UII-47/33 dated 21-11-1949) I recommended that this amount viz. Rs.4,620-11-5 may be ordered to be refunded to the stores, as this claim is altogether different and has no bearing on that amount due from the Stores.

R

/True copy/

M.V. Nallakaruppan
Superintendent.
16/12/49

Telegrams: "FOOD" Telephone: No. 12

Post Box No. 124.

S. K. Central Co-operative Wholesale Stores, Ltd., No. L. 472.

Ref.....

Dated 27th April, 1950.

URGENT

My Dear Mr. Balakrishna Shetty,

As desired by you in the course of our talk, while on our way to Puttur on the 25th, I am enclosing a Note on loss in transport charges sustained by our Stores in regard to which our claim for reimbursement is pending for nearly four years. A sum of Rs. 67,683/- was credited on this account as per orders from the Board repeated by the Collector but, this has been excluded from the profit account at audit by the Deputy Registrar with a result that the working of the Stores in the year 1948--49 has ended in a loss of Rs. 55,139-10-0. I have enclosed with the note the draft administration report and audited statements of accounts which will be placed before the Board of Directors on Sunday next, for your kind reference.

I shall feel much obliged if you will kindly do something in order to expedite favourable orders.

Thanking you,

Yours sincerely,

President.

The Hon'ble Sri A. B. Shetty,
Minister for Agriculture,
Camp: Mangalore.

Ur/-

30/4/4

TELEGRAMS: "FOOD" TELEPHONE: No. 12

S. K. Central Co-operative Wholesale Stores, Ltd., No. L. 472

Post Box No. 124, MANGALORE.

Ref. No..... Dated 27th April, 1950.

Note on loss in Transport Charges.

Rs. 91,641-12-0 - Being transport charges incurred by the Stores for Internal movement of rice and paddy in the year 1944-45.

In the serious food situation which faced the District in 1944--45, rapid internal movements of rice and paddy from the stocks of various scattered depots had to be made to replenish scarce and dry areas under the orders of the Authorities to prevent break-down in rationing. A total stock of 5,43,710 muras of rice and 1,78,455 muras of paddy were moved involving a total expenditure of Rs. 2,46,092-10-0. The total income derived out of the margin allowed for transport charges on sales of 6,94,387 muras of rice and 3,30,259 muras of paddy during the same period being Rs. 1,54,450-14-0, the transactions resulted in a net loss of Rs. 91,641-12-0 to the Stores.

This amount of Rs. 91,641-12-0 was claimed as long back as August, 1945 and despite four successive Collector's recommending sanction of the claim and the Board itself having accepted and recommended sanction of part thereof amounting to Rs.67,683/- in their reference 2949-U11-Z4(CS) dated 16-6-1949, the Government have not so far passed their orders.

The Collector in his endorsement communicating the Board's reference referred to above directed this Stores to credit to the Treasury a sum of Rs. 1,78,702-7-0 out of Rs. 2,46,385-7-0 being penalties levied for late deliveries and held in deposit with us, after adjusting Rs. 67,683-0-0 being part of our claim accepted and recommended by the Board. In G.O. MS. No.678, Food dated 30-7-1949, the entire penalties fund viz., Rs. 2,46,385-7-0 is required to be remitted to the Treasury and the claim recommended by the Board is ignored altogether and the G. O. is silent about it. The matter is left in a flux.

Repeated orders from the Board and the Collector have been received since, requesting remittance of the penalties fund in its entirety but we have been firm in intimating that the amount cannot be remitted unless and until our above claim and an analogous claim for the year 1948--49 involving an expenditure of Rs. 1,02,359-12-3 are settled. However, in the meanwhile, we have paid Rs. 1,00,000/- out of the penalties fund to the Treasury.

It may also be kindly noted that the above two items have been taken to profit account in the 1948--49 but, the credit item of Rs. 67,683/- has not been passed in audit by the Deputy Registrar for want of Government sanction, thereby resulting in a net loss of Rs. 55,139-10-0 to the Stores as on 30-6-1949. Please see para 7- on page 5 of the Administrative Report (draft) for 48--49 and audited statements of accounts enclosed.

M. U. Shiva Rao

President,
TheS. K. C. C. W. Stores, Ltd.,
Mangalore.

GENERAL TRADE.

The Stores continued its trade in all provisions required for domestic purposes, such as salt, grams, oil and matches. The trading had to contend against a perpetually fickle market with all its attendant risks. It was always a perplexing problem how to avoid losses; while the making of profits here and there was always considered a stroke of good luck. The losses in the year were somewhat heavy in gingily oil cakes, while cocoanut oil cakes gowar seeds, green-gram dhal, salt and Ganapathy tea also hit us though in lesser degree. The total outlay on purchases comprising 26 varieties of commodities in the year was Rs. 2,47,259. A quick turnover was always kept in view as a measure of abandent caution and prudence. The trading resulted in gain of Rs. 8,592 in 19 items while 7 items pulled it down to the extent of Rs. 5,149. The total trading resulted, however, in a net profit of Rs.3,447, which looks somewhat disappointing. It must be admitted that with all its risks, trading in provisions cannot at all be given up, since it forms a fundamental part of the basic object with which the Stores is started.

CLOTH.

Mill cloth: As there was widespread discontent and acute suffering to the people on account of the scarcity created by malpractice in distribution of mill cloth by merchants, who had the monopoly in the line, the Central Government blow a clarion call to Cooperatives early in August 1948 to muster strong and take a lead in contrywide distribution of mill cloth as effectively as was done by them in procurement and distribution of foodgrains The Provincial Government relayed the call and this Stores along with others of the kind in the Province lined up for this new avenue of public service. This Stores became the wholesaler to whom were linked up all the Primary Stores and some select credit societies, which undertook the retail sale to all members and nonmembers alike. These were supplemented in this service by the opening of retail shops in 56 branches (depots) of this Store to cater to public needs in centres not served by any other cooperative. The total number of units including our shops engaged in retail distribution in the district was 127 at the close of the year. The talukwar distribution of our shops was thus:- Coondapur- 7, Udipi- 9, Karkal - 11, Mangalore - 12, Puttur - 14, Kasargod - 3. Total - 56.

The Central Wholesale Cloth depot was opened on 20-9-1948 and sales commenced on 23-10-1948. 1788¾ bales were received and 1364 bales distribut leaving a balance of 424¾ bales on 30-6-1949, valued at Rs. 4,61,324.

In the retail shops, the sales realised - Rs. 8,86,518, leaving a stock worth Rs. 94,534 on 30-6-1949.

The net profit from the wholesale and retail mill cloth business in the year amounted to Rs. 58,357.

Handloom cloth: At the instance of the South Kanara Handloom Weavers' Distric Production and Sale Co-operative Society, Mangalore, the sale of handloom cloth, particularly sarees, which are much in demand and which added to the attraction of our retail shops, was undertaken on consignment basis, for an agreed commission, at the end of Jaunary, 1949. The cloth was sold in 21 of our cloth shops. The total turnover till the close of the year was Rs.13,606

Grow More Food - Manure - Groundnut Oil Cake - Distribution.

In August 1948, Government ordered that the distribution of the controll portion of groundnut oil cake should be handed over by the Agricultural Department to Cooperatives and that the Central Cooperative Wholesale Stores in each District should undertake the distribution to individual ryots under permits issued by the Agricultural Department and also to holders of paddy bonus coupons. The stocks were to be procured from the Mills in accordance with the allotment orders issued by the Joint Director of Agriculture. For the retail distribution of the cake, it was directed that the services of the branches of the C.W.S. should be fully utilised wherever possible and among other societies to be selected for distribution, priority should be given for Sale or Marketing Societies and Agricultural Improvement Societies. The sale prices were fixed by the Government and a subsidy for the expenditure incurred on account of the overhead and

establishment charges and also the margin of profit at one anna per bag to the C.W.S. and 4 annas per bag for retail, not, exceeding 15% of the cost price of cake was promised. This line of business was commenced in the last week of August 1948 and the retail distribution was done in 23 centres (against 12 of the Agricultural Department), 16 being in branches or depots of this Stores, 5 through the South Kanara Agriculturists Cooperative Marketing Society and its branches, one at Kotekar through the Kotachery Coop, Loan and Sale Society and one at Kotekar through the Agricultural and Economic Improvement Society. 1305 tons were taken over from the stocking depots of the Agricultural Department in the district and 1456 tons were procured from the Mills in Ananthapur, Bellary, Cuddappah and Salem districts through the respective Cooperative Wholesale Stores in those districts. The stock purchased, cost Rs. 3,65,505 in all, which was nearly sold out, except a small quantity worth Rs. 2,486 on 30-6-49. The net profit realised by the trade in this line was Rs. 7,755.

Trade in Rice and other Foodgrains.

Out of the gross profit of Rs. 5,31,846 realised by trading as appearing from the Trading accounts, Rs. 1,23,226 was due to trading in general provisions, cloth and groundnut cakes. The balance of 4,08,620 represents the profit on trade in rice and other foodgrains, as shown in the tabular statement in the earlier part of the report. It is this business that is solely responsible for the losses to the Stores, as the margins allowed are un-economic and the profit made in all other lines could not cover entirely the loss incurred in this main part of the business. The causes which led to this deplorable result have been set out in the note by the Chief Auditor appended to this report. That the sole monopoly of procurement in the district was a source of heavy loss rather than profit contrary to all expectations was stressed in the address given to the Hon'ble the Premier and the Hon'ble Minister for Agriculture when they visited the Stores on 27-10-1949 in the following words:-

"The sole monopoly of procurement in the district given to the Store has made it the cynosure of all eyes and the impression, unfortunately for us, prevails all round that we are making good profit thereby." But all that glitters is not gold. If we may, in a kind of confidence, reveal to you the real state of affairs, we can say definitely that we stand positively to lose rather than to gain anything out of the local procurement monopoly. ..... We content ourselves to append a confidentaal note, setting out the econimics of the procurement. We have tried to fill up the gap between our income and expenditure on this account from other sources and with a kind Providence, we have kept our head fairly above water!

What has been stated above has come out quite true, except with regard to keeping our head above water with the help of Providence. As will be seen later, the working this year has resulted in a net loss.

4. MANAGEMENT AND MEETINGS.

The Board constituted at the election in the General Body meeting held on 21-6-1947 and the Executive Committee and the Purchase Committee elected by that Board, continued to function in the year under report. A new Board was elected in the General Body meeting held on 8-5-1949, which met on 19-6-1949 and elected the President, Vice President and also the members to the Executive Committee and Purchase Committee. The General Body met once and the Board thrice in the year. 19 meetings of the Executive Committee were held against 17 in the previous year. No meetings were adjourned for want of quorum.

5. ESTABLISHMENT.

There were no Departmental hands in the service of the Stores. Ther ere only 2 traindd Supervisors on deputation from the Central Bank, who ontinued in the year.

The total number of paid employees which was 154 at the beginnin e to 363 at the close of the year, of whom 43 were in Mangalore.

The total establishment charges incurred in the year amounted to -77,755 against Rs. 1,78,333 in the previous year.

(Contd.)

6. SUPERVISION AND AUDIT.

With the re-introduction of control in October 1948, the reduced staff of 2 Inspectors was re-inforced by additional Inspectors, so as to bring up the number to 9 as at the time of decontrol. All but two of the Stock Verification Officers employed by the Central Bank (whose cost is borne by the Stores) had been discharged at the close of January 1948; but on recontrol, the full staff of 9 officers was set up again. The total cost on account of these officers amounted to Rs. 9,745-4-6.

The statutory audit of accounts was attended to by a staff of 10 Departmental auditors with a Co-operative Sub Registrar at their head composed of 6 Senior Inspectors and 4 Junior Inspectors. The suggestions of the Registrar of Cooperative Societies that ~~(it is very desirable)~~ for the improvement of the quality, efficiency and quickening of the pace of audit, a Cooperative Sub Registrar should be appointed by ~~xxxxxxxxxxxx~~ retrenching 3 of the Inspector Auditors was agreed to and this was given effect to in the year.

7. NET LOSS

The working of the Stores in the year ended in a net loss of Rs. 55,139-10-0, which was due to the fact that an item of Rs.67,683 which had been credited to profit account in the year as per orders of the Board and the Collector on the long pending claim of this Stores for re-imbursmen of the transport charges incurred by it in 45-46 was directed by the Registrar on a reference made to him, to be excluded from the year's profit account, pending definite sanction from Government. But for this unforeseen technical hurdle, the year's accounts had actually closed with a net profit of Rs. 12,543-6-0.

The over-all trading results and the profit and loss statement for the year reveal a discouraging state of affairs on a comparison of the figures for the previous year despite the fact that that the sales of the year had exceeded those of the previous year by Rs. 35 lakhs. The percentage of gros profit to the total sales in the two successive years are shown below:-

Year	Percentage of gross profit to sales.
47 - 48	2.46
48 - 49	2.12

The Board append to this report a copy of the brief note of the Chief Auditor communicated by the Deputy Registrar, explaining the circumstances that led up to the unsatisfactory trading results in the year

8. CONCLUSION.

This is the 7th year of the working of the Stores distinguished by a black mark for the first time in its life by sliding down into loss. The fear of this said fail provided the main back-ground for the resolution of the Executive Committee in its meeting held on 22-4-1949, in which it definitely expressed that this Stores feels itself unequal to undertake the Sole Agency in the entire district and that it considers it advisable in the interest of all concerned that there should be a change in the procurement agency and that the work should be entrusted to others and offered to step into the breach in any area, where none is forthcoming to undertake the work. The resolution was duly communicated to the Collector; but as nobody were prepared to succeed the Stores in the work even in a part of the district, the Stores at the instance of the Collector had to resume the work in the current year also.

The loss in the year under report need not dis-hearten us entirely, as it is mere book loss reckoned as such by isolating the big receipt item of Rs. 67,683 and temporarily excluding it from profit, The Board is confident that Government will sanction the transport charges and thereby enable that amount to be brought into profit account in the current year. The question whether procurement of local rice and paddy should be undertaken in the coming year, needs, in this context, very serious consideration and all counsels of business prudence and safety call for our insisting on a larger margin of profit as a condition precident to our continuin

the agency. The Board need hardly assure the General Body of members that its financial condition, as appearing from the accumulated reserves of the past, is quite sound and there is no cause for the least anxiety or doubt a to the future. The Board would like to conclude by placing before the members the following extract from the Hon'ble the Premier's reply to the address presented by the Stores in Mangalore on 27-10-49. He said:-

"Gentlemen! It is no exaggeration to say that the South Kanara Central Copperative Wholesale Stores, is always guided by the high ideals of the co operative movement. The good record of work that it has achieved is due, in no small measure, to the enthusiastic and tireless work of those at the hel of its administration. The procurement work throughout this district which been undertaken and discharged by your Stores, is a matter standing to your Society's credit. South Kanara stands unique in its being the only distric in our Province, where procurement is done entirely by the Cooperative institution, and not by any private agencies'

The Board offers its hearty thanks to the Officers of the Cooperative Department and also to the Central Bank for its help and cooperation freely given, financially and otherwise in the difficult task, which the Stores had to carry on. The Board takes this opportunity to acknowledge the continued sympathy and help of the Collector, the District Supply Officer, the Commercial Tax Officer and other Officers of the Supply Department with which the Stores had to keep in constant touch in connection with the Food work. The Board records its high appreciation of the untiring work done throughout the year by all the employees both in the Head Office and in all its depots throughout the district with commendible love, labour and devoti

Sri M. Shiva Rau, President continued to work at the helm of the Store during the strenous and anxious period covered by this report.

The audit certificate of the Deputy Registrar with the audited statements of accounts is appended.

Sd/- M. Shiva Rau
President.

APPENDIX TO SUMMARY OF DEFECTS.

Explanatory Note on the circumstances leading upto loss in 1948 - 49.

The chief factor contributing to the unfavourable trade results in the year is the low and almost unworkable margin on which the Stores has had to undertake the districtwide procurement in the year 48-49. The net margin sanctioned by the Government on the re-introduction of Intensive Procurement in the district early in October 1948 was 0-8-6 per mura of rice and 0-4-3 per mura of paddy. Although the margin was on a par with that of the previous years, it was quite inadequate to cope up with the increased commitments of the Stores on the side of expenditure. In the first place, the levy of sale tax had been enhanced from 2 pies to 3 pies in the rupee in January 1948. This additional burden was not felt till the commencement of this year for the reason that the Stores had the benfit of a higher margin of profit under the levy scheme obtaining then. Once the margin was cut down to the same level of procurement-margin of old, this additional burden became increasingly manifest. Further, on enhancement of issue price of rice and paddy with effect from 22-11-1948, the liability to pay additional sale tax on the enhanced portion of sale prices accrued. True it is that the margin was enhanced with effect from 7-1-1949 by 0-1-0 by reduction of purchase price of rice from that date; but as the major part of procurement for the year was over by then, the Stores did not derive any considerable benefit the reof. In fact, the Stores had procured a stock of 3,88,683 muras in terms of rice. Calculating at one anna per mura, the amount involved comes to Rs. 24,293, which the Stores could not avail of due to the peculiar manner in which the margin was enhanced smacking of what is known as "putting the cart before the horse".

An analysis of the margin with reference to its actual working expenses will show the inadequacy of the same to meet the commitments of the Stores in full, let alone the accrual of a legitimate residue under trading net profits:--

(1) Sale tax at 3 pies in the Rupee on Rs. 15/- . . .	Rs. 0- 3- 9
(2) Agents' Commission (including pay and other charges in the case of paid agents.) . .	Rs. 0- 2- 0
(3) Interest at 4½% on Rs.15/- for 3 months	Rs. 0- 2- 9
	Rs. 0- 8- 6

Besides the above three items, the Stores has to meet (a) Cost of audit (b) Insurance and (c) General administration charges and (d) Loss on account of natural depreciation in stock. But the margin as analysed above has no residue left to meet these legitimate charges.

The following comparative tables will show the increase in expenditure in this year under certain items:-

	47-48 (payable)	48-49 (payable)	Excess.
Sales tax	Rs. 2,67,279	4,11,150	1,43,871
Rent	Rs. 64,156	88,867	24,711
Interest on borrowings . . .	Rs. 1,35,353	2,32,128	96,775
			Rs. 2,65,357.

The increase under interest charges in the year is due to the following reasons:- (1) Procurement commenced rather early in the year.

(2) The stocks procured had to be kept on hand over long periods in as much as exports outside the district in the year were very limited with the inevitable result that the cost of investment on stocks was comparatively heavier than in previous years.

(3) Enhancement of purchase price involved extra investments of amount over each mura procured and stocked.

In respect of such stocks as remained unsold for more than 3 months, claim towards loss of interest can be made to the Government and it is resumed that this is done subsequently.

Even from the very commencement, the Stores had incessantly moved the Collector and the Government for a revision of the margin. The Collector also in his letter dated 25-11-1948 to the Board of Revenue made out a very strong case for raising the margin of the Stores to Rs. 0-14-0 per mura of rice including cost of internal movements. But the Government finally negatived the proposal in its G.O. No. Ms.186 dated 21-2-1949. The margin was not revised; but the Stores was permitted to recoup the cost of local movements of stocks by a levy of transport surcharge.

The shortages and deficiency in stock that the Stores had to face in the year came to 4719-2/3 muras of rice and 4,256 muras of paddy to the total value of Rs. 95,185-8-11. Of this, excluding deficits of value of Rs. 20,619-12-2, which were ordered to be recovered from depot Managers, shortages to the tune of Rs. 74,565-12-9 were allowed and condoned by the Executive Committee of this Stores. The shortage actually works out at 4/5 of a pavu per mura and therefore brings in a charge of Rs. 1-1-3 against the margin, which is even otherwise, un-economical and un-workable. Further, the files relating to stock deficits and action taken thereof reveal that the deficits are generally viewed against the total stock handled at the depot in arriving at the reasonableness or otherwise of the deficits involved. In view of the insufficiency of the margin accruing in procurement work, stock deficits will have to be scrutinised into more with reference to special relative reasons for shortage as (1) acceptance of stocks not properly dried and seasoned. (2) Deterioration of stocks for want of proper godown facilities. (3) Damages due to rats and attack of weavils and (4) Unusually long storage than on a comparison with the total stocks handled.

Generally, any diminution of profits under local procurement might be made out by securing a better margin on sale of imported stocks. But in the year under audit, the Stores lost considerably over a quota of 5,000 tons of rice allotted from the Provincial Reserve, towards the end of 47-48. The stocks were got reconditioned at the various moffusil depots and the exact and correct data of the result were not forthcoming with the result that the Stores was called upon to pay the cost to Government at the conversion basis of 1 maund equal to 40.2 seers, while the Stores claimed the correct basis at only 1 maund equal to 39 seers. The final adoption of the higher conversion rates in respect of 2,41,773 maunds of rice sold between 5-8-48 and 20-11-48 and settlement of cost price accordingly resulted in a loss to the extent of Rs. 60.443.

The above, in brief, are the circumstances that led up to the loss by the Stores in the year 1948-49.

Sd/- S. Veerashekara
C. S. R. Auditor.

TRUE COPY/

Secretary.

STATEMENT

RECEIPTS AND DISBURSEMENTS

Particulars.	Rs.	As.	Rs.	As.
Receipts.				
1. Share Capital:				
(a) Individuals	1,250	0		
(b) Societies	45,150	0		
(c) Institutions	300	0	46,700	0
2. Deposits and Borrowings:				
(a) Fixed deposits (Members) ..	5,000	0		
(b) Fixed deposits (non-members)	12,425	0		
Security Doposits (Non-members)	27,869	10		
(c) Central Banks - Short term.	2,40,40,751	14	2,40,86,046	8
3. Sale proceeds:				
(a) Empties	24,296	5		
(b) Own goods	2,50,66,436	4		
(c) Consignment goods ..	16,706	3	2,51,07,438	12
4. Return or refund of purchases:				
(a) Own goods	11,559	4		
(b) Consignment goods ..	4,..10	14	15,770	2
5. Interest	344	1	344	1
6. Miscellaneous income	1,44,343	2	1,44,343	2
7. Trade charges recovered ..	16,56,857	1	16,56,857	1
8. Other Heads:				
(a) Major establishments ..	35,267	7	35,267	7
(b) Collector's A/c.. ..	54,607	2	54,607	2
(c) Government Extra Levy Charges	366	4	366	4
(d) Government Bonus Coupons ..	1,93,113	0	1,93,113	0
(e) Sale of Furniture ..	454	1	454	1
9. Adjusting Heads:				
(a) Due to Society	1,50,09,820	3		
(b) Due by Society	95,13,760	2	2,45,23,580	5
10. Investments withdrawn:				
(a) Current A/c. in S. C. C. C. Bank	7,68,552	10		
(b) Current A/c. in Bank of Mangalore	1,200	0		
(c) Shares in S. C. C. C. Bank.	41,000	0		
(d) Canteen Section.. ..	279	15	8,11,032	9
11. Appropriation of profits:				
(a) Dividend	11,884	8		
(b) Bonus on purchases ..	24,479	4		
(c) Reserve Fund	40,023	7		
(d) Common Good Fund. ..	1,034	0		
(e) Building Fund	5,000	0		
(f) Undisbursed profit ..	17,636	4	1,00,057	7
12. Eliminated items..	1,67,39,874	13	1,67,39,874	13
Total..	9,35,15,852	10	9,35,15,852	10
Opening balance..	1,48,525	11	1,48,525	11
Grand Total ..	9,36,64,378	5	9,36,64,378	5

NO. I.

FOR THE YEAR ENDING 30-6-1949.

Particulars.	Rs.	As.	Rs.	As.
Disbursements.				
1. Share Capital:				
(a) Individuals	2,800	0		
(b) Societies	3,600	0		
(c) Institutions			6,400	
2. Deposits and Borrowings:				
(a) Fixed deposits (Non-members)	3,801	0		
(b) Security deposits (Non-members)	13,545	8		
(c) Central Banks - Short term.	2,19,46,675	3	2,19,64,021	11
3. Stock bough:				
(a) Empties	25,842	10		
(b) Own goods	2,34,24,260	4		
(c) Consignment goods ..	28,394	6		
(d) Sales returns - Own goods..	54,889	8		
-do- Consignment goods. ..		6	2,35,33,387	2
4. Payment out of previous year's profits:				
(a) Reserve Fund	40,306	3		
(b) Dividend	10,579	1		
(c) Common Good Fund, ..	3,200	0		
(d) Bonus or rebate on purchases	44,934	5		
(e) Bonus to staff	7,960	12		
(f) Excess bonus paid to staff.	1,281	12	1,08,762	1
5. Establishment and Contingencies..	4,27,245	15	4,27,245	15
6. Trading account	65,63,414	0	65,63,414	0
7. Other items:				
(a) Court costs	1,344	4	1,344	4
(b) Interest paid	2,28,730	4	2,28,730	4
(c) Major establishments ..	33,576	10	33,576	10
(d) Collector's account ..	1,06,462	6	1,06,462	6
(e) Government Extra Levy Charges	366	4	366	4
(f) Government Bonus Coupons ..	1,93,113	0	1,93,113	0
(g) Margin of profit set off against transport charges	1,620	2	1,620	2
8. Adjusting Heads:				
(a) Due to Society - Susp. Assets.	1,31,58,724	13		
(b) Due by Society - Sus. Lia.	94,97,843	14	2,26,56,568	11
Investments made:				
(a) Current A/c. in S. C. C. C. Bank	7,78,991	7		
(b) Current A/c. in Bank of Mangalore	7	4		
(c) Furniture bought ..	4,109	3		
(d) Fixed deposit in S. C. C. C. Bank (Building Fund) ..	25,000	0		
(e) Fixed deposit in S. C. C. C. Bank (Bad debts reserve) ..	2,000	0		
(f) Reserve deposits. ..	250	0	8,10,357	14
10. Eliminated items	1,67,39,874	13	1,67,39,874	13
11. Profits of 47--48 appropriated ..	1,00,057	7	1,00,057	7
Total	9,34,75,302	8	9,34,75,302	8
Closing balance ..	1,89,075	13	1,89,075	13
Grand Total ..	9,36,64,378	5	9,36,64,378	5

STATEMENT

BALANCE SHEET AS

Particulars	At the end of the year.		At the beginning of the year.	
Liabilities	Rs.	As.	Rs.	As.
1. Loans and deposits				
(a) Members:				
i. Fixed deposits - Short term	28,051	0	23,051	0
ii. Security deposit from staff	8,560	0	8,560	0
(b) Non-Members:				
i. Fixed deposits - Short term	36,549	0	27,925	0
ii. Security deposit from staff	1,07,354	15	93,520	13
(c) Central Bank - Cash credits	58,94,525	15	38,00,449	4
2. Share capital	2,75,700	0	2.35,400	0
3. Interest due	12,822	6	9,424	12
4. Provision against transport charges of 45--46	67,683	0		
5. Establishment & contingent charges due	50,742	9	35,361	4
6. Other items:				
a. Major establishment due to Collector	3,262	13	1,572	0
b. Trading account due ..	13,191	5	11,68,159	7
c. Provision for doubtful assets			26,161	0
d. Sales Tax due. ..	59,178	15		
e. Income Tax payable ..	174	6		
f. Collector's account ..	2,19,760	0	2,71,615	4
g. Business reserve ..	28,000	0	28,000	0
h. Other reserve. ..	1,000	0	1,000	0
i. Suspense liability ..	1,12,783	15	96,867	11
j. Lorry hire and railway freight	22,918	9		
k. Cooly charges. ..	1,247	5		
l. Bonus surcharge due to Collector	5,941	10		
m. Milling and processing charges	19,634	8		
n. Bills payable. ..	2,88,091	13		
o. Margin of profit set off against transport charges ..			1,620	2
Undisbursed profits of previous years:				
a. Dividend	14,468	7	13,163	0
b. Common Good Fund ..	2,997	1	5,163	1
c. Bonus or rebate on purchases by members	24,479	4	44,934	5
d. Dividend equalization fund	11,000	0	11,000	0
e. Building fund. ..	45,671	9	,671	9
f. Bad debts reserve ..	7,000	0	,000	0
g. Bonus to staff ..	1,642	2	,602	14
h. Undisbursed profits ..	21,054	5	3,418	1
8. Audit objection			183	0
9. Reserve fund:				
a. Separately invested ..	1.83.035	7	1,42,229	4
b. Yet to be invested ..			782	12
10. Total liabilities ..	75,69,022	3	91,07,345	7
11. Difference between assets and liabilities.			1,00,057	7

NO. II.

ON 30th JUNE, 1969.

Particulars	At the end of the year.		At the beginning of the year.	
Assets.	Rs.	As.	Rs.	As.
1. Cash:				
a. On hand	1,89,075	13	1,48,525	11
b. In bank:				
i. Current a/c. in S.C.C.C.Bank	39,585	10	29,146	13
ii. Current a/c. in Surathkal C.S.	0	11	0	11
iii. Current a/c. in Bank of Mangalore ..			1,192	12
2. Other investments:				
a. Reserve fund- In Inscribed stock	100	0	100	0
-do- In the Co-op. Central Bank. ..	1,46,835	7	1,06,029	4
-do- 3% Victory Loan Bonds ..	16,100	0	16,100	0
-do- National Savings Certificates	20,000	0	20,000	0
b) Shares taken in the Co-op. Central Bank ..	96,000	0	2,37,000	0
c. Shares in Co-op. Fire & General Insurance Society ..	100	0	100	0
d. Revenue deposits ..	2,456	4	2,206	4
e. Fixed deposit in S.C.C.C.Bank - Building Fund	45,671	9	20,671	9
f. End debts Reserve Fund - Fixed deposit in S.C.C.-C. Bank.	7,000	0	5,000	0
3. Miscellaneous Income ..	22,597	9	11,439	1
4. Trading Account	2,45,578	6	2,27,050	14
5. Other items:				
a. Value of furniture less depreciation ..	14,620	0	12,590	0
b. Value of Motor Car less depreciation ..	3,786	0	5,680	0
c. Value of lorries owned less depreciation ..	9,691	0	20,035	0
6. Value of stock on hand -				
Own goods (Food & General)	53,34,455	10	58,57,191	4
Mill Cloth	5,73,160	11		
Consignment goods ..	6,207	9		
Tyres	300	0	350	0
Gunnies	21,556	8	19,057	8
7. a. Cort costs	1,344	4		
b. Suspense assets. ..	6,14,241	9	24,65,336	15
c. Canteen section. ..			279	15
d. Audit objection. ..			183	0
e. Excess Bonus paid to staff	3,418	1	2,136	5
8. Total assets	75,13,882	9	92,07,402	14
9. Net difference between assets and liabilities	55,139	10		

STATEMENT NO. III.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 30TH JUNE, 1949.

Particulars.	Rs.	As.	Rs.	As.	Particulars.	Rs.	As.	Rs.	As.
Loss.					**Profit.**				
1. Interest paid and due:					1. Interest earned on credit sales and investments:				
(a) Paid ..	2,28,730	4			(a) Realized	344	1		
Add--					Add--				
(b) Interest pending payment ..	12,822	6			(b) Interest accrued but not overdue ..	..			
Total..	2,41,552	10			Total..	344	1		
Deduct--					Deduct--				
(c) Interest pending payment at the end of the previous year. ..	9,424	12			(c) Interest accrued at the end of previous year ..	..			
Net amount..	2,32,127	14	2,32,127	14	Net..	344	1	344	1
2. Establishment and contingent charges paid and due ..	4,42,127	4	4,42,127	4	2. Recovery of doubtful assets	13,183	7	13,183	7
3. Miscellaneous items - Depreciation ..	13,863	2	13,863	2	3. Gross profit as per Trading account ..	5,31,846	4	5,31,846	4
4. Provision for doubtful assets ..	213	12	213	12	4. Miscellaneous income:				
5. Provision for transport charges incurred by the Stores in 45--46 ..	67,683	0	67,683	0	(a) Amount realized. ..	1,44,343	2		
Total..			7,56,015	0	Add--				
6. Net loss ..			55,139	10	(b) Amount pending recovery ..	22,597	9		
					Total..	1,66,940	11		
					Deduct--				
					(c) Amount pending realization at the end of the previous year ..	11,439	1		
					Net amount..	1,55,501	10	1,55,501	10
					Total..			7,00,875	6

Ur/-

ANNEXURE TO STATEMENT NO. III (PROFITS)

TRADING ACCOUNT FOR THE YEAR ENDED 30-6-1949.

Particulars.	Rs.	As.	Rs.	As.		Rs.	As.	Rs.	As.
1. Value of stock on hand at the beginning of the year. ..	58,76,598	12	58,76,598	12	1. Sale proceeds	2,51,07,438	12		
2. Value of goods bought during the year.	2,34,78,497	4			Less returns	54,889	14		
Less returns	15,770	2				2,50,52,548	14	2,50,52,548	14
	2,34,62,727	2	2,34,62,727	2	2. Value of goods on hand at the end of the year:-				
3. Bills paid ..	40,96,797	0			Value of food and general stocks ..	53,34,455	10		
Add pending payment	2,88,091	13			Value of consignment goods.	6,207	9		
	43,84,888	13			" Mill cloth.	5,73,160	11		
Less last year's..	40,96,797	0			" gunnies & empties.	21,556	8		
	2,88,091	13	2,88,091	13	" old tyres..	300	0		
4. Trade charges paid	14,34,878	1				59,35,680	6	59,35,680	6
" " pending	1,03,153	11			3. Trading account received ..	16,56,857	1		
	15,38,031	12			Add pending receipt	2,45,578	6		
Less last year's..	70,954	7				19,02,435	7		
	14,67,077	5	14,67,077	5	Less last year's pending receipt.	2,27,050	14		
Bonus surcharge paid	10,31,738	15				16,75,384	9	16,75,384	9
" " due.	5,941	10							
	10,37,680	9							
Less last year's..	408	0							
	10,37,272	9	10,37,272	9					
Total..			3,21,31,767	9	Total..			3,26,63,613	13
Gross profit..			5,31,846	4					

Telegrams: "FOOD" Telephone: No. 12

S. K. Central Co-operative Wholesale Stores, Ltd., No. L. 472.

Post Box No. 124. MANGALORE

Ref...... *Dated* 13th June, *1950*

Myd dear Mr. Balakrishna Shetty,

I wish to draw your kind attention to the note on the loss sustained by our Stores in the matter of transport charges in respect of which our claim for re-imbursement is pending with Government for nearly 4 years now. When I mentioned this to you personally on 27th April last, you were kind enough to promise that you will do what you can in the matter, if a note on the subject is furnished to you. I did this accordingly on that very day (27th April) and sent it to you when you were in Mangalore. I do not know what has happened since, as no orders have been received yet. The allowing of our claim to the extent of Rs. 67,683 has been recommended to Government by the Board and under instructions by the Collector in accordance with the directions of the Board, the amount has been credited in the accounts and debited to the penalties collected for late ~~payments~~ deliveries by ryots and the balance outstanding has been paid into the Treasury. This credit has been held under objection by the audit department for want of formal sanction by Government. The result is that the balance sheet as on 30-6-49 shows a net loss of Rs. 55,139-10-0, which is staggering. It is most painful to me, for all the work I have been doing at such sacrifice, to have to face the General Body and the public with a net loss in the working of the Store. I trust that the Government will be pleased to do the bare justice to the Store and incidentally to me by sanctioning this item. I am sorry to have to tell you that I have no other way but to trouble you with this tale, taking advantage of the encouragement you voluntarily gave me to do so. Trusting you will excuse.

Yours sincerely,

The Hon'ble Sri A.B.Shetty,
Minister for Agriculture,
Cooum House, Mount Road, Madras.

Food and Agri. Dept.
'A'

Memorandum No. 258/60 A/50-2 Dated 29/7/1950.

Sub: Procurement - Paddy and rice - S.Kanara district - claim of the Stores for adjustment of Rs.67,683/- against the loss of Rs.91,614-12-0 by way of transport charges - orders - passed.

Ref: (i) From the President, S.K.C.C.W.Stores Ltd., No. RC. 971/45-F dated 13-2-50 addressed to the Collr. of S.Kanara.

(ii) From the Board of Revenue (CS) Ref.27470 U.II/50-1 dated 25-4-50.

(iii) From the President, S.K.C.C. W.Stores Ltd., Letter dated 27-4-50 addressed to H.M.(Agriculture)

With reference to the letters first and third cited, the President of the S.Kanara Central Co-operative Wholesale Stores Ltd. is informed that the Govt. have already considered and rejected the Stores' claim for the adjustment of Rs.67,683 earned on behalf of the Govt, by short payments made in respect of foodgrains delivered by producers after due dates during the year 1944-45 towards the loss of Rs.91,614-12- incurred by the Stores during that year. The President is requested to remit to the Government without any delay the amount of Rs.246,385-7-0 as directed in G.O. No. 678 Food Agrl. 30.7.1949.

2. Orders will issue separately on the Stores Claim for the reimbursement of the loss of Rs.1,02,359-12-3 incurred on account of transport charges during the period from 1-10-48 to 10-3-49.

To
The President, South Kanara Central Co-operative Wholesale Stores, Mangalore.

By order of the Collr. of S.Kanara

Draft III

35

Food & Agrie

A

Memo No. 28160 A/50-3 dt 29-7-50

Sub:- C.S. - Procurement - Rice and paddy - South Kanara Dt - price - surcharge - payment of excess amount by the S.K.C.C.W. Stores - orders issued

Ref(s) From the Coll[r] of South Kanara No. 10896/49-W.T. dt. 12.3.50.

(ii) From the Bd of Rev(s) No. 27470 VII/50-1 C&S dt 25.4.50

(iii) Govt Memo No. 28160-A/50 dt 7.5.50

The Coll[r] of South Kanara is informed that the sum of Rs 4620-11-5 (Rs. Four thousand six hundred and twenty, annas eleven and pies five only) due to the South Kanara central Coop Wholesale Stores, towards excess collections made against price surcharge, in respect of stock of rice and paddy held by the Store at the close of 20.11.48 should be remitted to the Stores from the balance of Rs 1,46,385-7-0 due to them W.r.t. his Govt memo cited (iii) above.

Pl. issue to Govt

29/7/50

Dr 4-5 cf

D.I. Nov 29.7.50 Dr Lcf

Draft I above

Cr Rs 1,41,765 cf

29/7

To
The Coll[r] of South Kanara
Bd of Rev(s)
Finance (P.W.R)
Govt
R.C.S.

2 Secs

13/7/50

Dr 12/7/50

13/7/50 mas

"FOOD"

K. Central Co-operative Wholesale Stores, Ltd., No. L. 472

Post Box No. 124, MANGALORE.

5548 2.

ASSISTANT SECRETARY 25 AUG 1950 FOOD AND AGRICULTURE DEPARTMENT

R.C.41/50-A

Dated 23rd August, 1950.

From

Sri M. Shiva Rau, President,
S. K. C. C. W. Stores Ltd.,
MANGALORE.

To

The Deputy Registrar of Co-operative Societies,
MANGALORE.

Sir,

Sub: Audit - Revised audit certificate for 48-49 - Distribution of profits - Registrar's suggestions.
Ref: Your R.C.3000/49-B dated 19-8-1950.

The Registrar's suggestions conveyed to you as seen from the extract communicated to me in the reference cited is based on the presumption that Government have rejected the claim of the Stores for re-imbursement of the deficit in transport charges incurred by it to the tune of Rs. 91,641-12-0 in their Memorandum No.28160 A/50-2 Food and Agricultural Department dated 29-7-1950. But a careful reading of the Government Memorandum will show that the claim for recoupment has neither been dealt with nor disposed off in that order, but it is only the question whether the adjustment of Rs. 67,683/- made by our Stores in the penalties fund account is correct and proper that has been disposed off and the Government has, to quote the exact wordings of the Memorandum "rejected the Stores claim for the adjustment of Rs. 67,683/-". The claim of the Stores for recoupment of Rs. 91,614-12-0 is not at all disposed off thereby and in this office R.C.971/45-I Special dated 9-8-1950, I have addressed Government to pass orders on our claim for re-imbursement. I may state that there are no conceivable grounds for rejecting our claim for recoupment. It stands on the same footing as the claim for recoupment of Rs. 1,02,359-12-3 referred to in para 2 of the Government Memorandum referred to above, which has been allowed by Government in their Memorandum No. 35371 1/50-3 dated 29-7-1950. As will be seen from a perusal of the latter Government Memorandum, the recoupment has been ordered by the imposing of a small increase in the wholesale issue price of rice and paddy. This has been given effect to from 20-8-1950. Government is bound to issue a similar order for recoupment by another increase in the wholesale issue price It may be that this increase may be postponed until the full Rs. 1,02,359-12-3 is recovered. But I assert again that there is no order rejecting the claim and I assert also most emphatically that Government cannot reject that claim consistently with all precedents. It is therefore quite un-necessary to proceed on the assumption that our claim will be rejected. The stand that I have taken is absolutely correct in law, equity and justice and I cannot conceive of Government over-riding all these.

I have not the least objection to place before the General Body the full history of this sorry affair with the Registrar's suggestion to treat our claim as having been rejected, when, as a matter of fact, it has not been so rejected. I shall, ofcourse, leave the General Body to decide as to the stand it has to take.

I enclose herein a spare copy of R.C.971/45-F Special dated 9-8-1950 which may kindly be submitted to the Registrar with a request that he may take up the matter with Government and give all the support that he can to get justice.

Yours faithfully,

M. Shiva Rau

President.

Copy submitted to the Secretary to Government, Food and Agriculture Department, Government of Madras, Fort St. George, Madras in continuation of this office R.C.971/45-F Special dated 9-8-1950.

Copy to R.C.971/45-F file.

Ec/-

ASSISTANT SECRETARY
64038
28 SEP 1950
FOOD AND AGRICULTURE DEPARTMENT

BOARD OF REVENUE(CIVIL SUPPLIES)

Subject:- Procurement - Paddy and rice - South Kanara District - Loss incurred by the South Kanara Central Co-operative Wholesale Stores in the movement of foodgrains in 1944 - Recoupment of-further representation - Submitted.

- -

Board's Ref. 87744-U5/50,
Dated 26th September 1950.

From

Sri V;S.Hejmadi, I.C.S.,
Commissioner of Civil Supplies.

Sri K. Subba Rao, B.A.,
Joint Secretary to the Commissioner of
Civil Supplies.

P33 ante

Ref: 1) Government Memo.No.28160-A-50 Food & Agriculture dated 29-7-50.
P 47 below 2) From the Collector of South Kanara W.7.20062-50 dated 5-9-50.
3) From the President South Kanara Central Co-operative Wholesale Stores, Mangalore 971-45-F 49 dated 9-8-50 addressed to the Secretary to Government, Food & Agriculture Department.
P37-a1 ante

The Board submits a copy of the letter cited from the Collector of South Kanara along with a copy of petition cited from the President South Kanara Central Co-operative Wholesale Stores.

It is reported that the Stores have refused to remit the remaining sum of Rs.146385-7-0 due by them to the Government on the ground that the Government have not examined their claims on merits, inspite of the definite instructions issued in Government Memo first cited that the amount should be remitted without any further delay.

The Board requests orders of the Government in the matter.

for Joint Secretary.
27.9.50

To
The Secretary to the Government, Food & Agriculture Department, Madras wi

Copy to file No.27470-UII-50.
SS/26/9/

Copy of letter Ref.C.No.W7.20062/50 dated 5-9-50 from the Collector of South Kanara, to the Secretary to the Commissioner of Civil Supplies, Board of Revenue Madras.

Sub: Civil Supplies - Rice and paddy - South Kanara district - loss incurred by the S.K.C.C.W. Stores in the movement of foodgrains in 1944 - recoupment of - further representation - report submitted.

Ref: 1.Government Memo. No.28160 A/50 Food & Agriculture dated 29-7-50.
2.Board's Ref.No.27470-3(CS) dated 12-8-50
3.From the President S.K.C.C.W.Stores, Ltd., Mangalore letter Rc.No. No.971/45-F dated 9-8-50 addressed to the Secretary to Government Food and Agriculture Department, Government of Madras.

I enclose the letter dated 9-8-50 received from the President S.K.C.C.Stores Mangalore. He has submitted a copy of the resolution of the Executive Committee of the stores in the matter of remittance of the amount ordered to be collected from the stores in the Government memorandum cited. The Committee is of the opinion that the claim of the stores for reimbursement of the loss incurred by it in 1944 as a result of the movement of foodgrains has not been decided by the Government on its merits. It has resolved to keep in abeyance the remittance of the balance amount held by the stores as penalty collected on late deliveries of rice and paddy, till the Government pass specific orders on the claim of the stores with reasons if any in case the Government should think fit to reject it.

2. The Stores have sustained a loss of Rs.91,641-12-0 in the year 1944-45 in the movement of foodgrains. The president of the stores had requested for the adjustment of Rs.67683/- collected by the stores as penalty on late deliveries of rice and paddy in the year 1944-45, towards this loss and for payment of subsidy for the balance. During the personal discussion with the Collector Sri S. Bhoothalingam, I.C.S., the President agreed that the question of subsidy might be dropped. In this office Ref. C.No.W7.5971/46 dated 12-8-46 the adjustment of Rs.67683/- covered by short payments for late deliveries of stocks by producers in the year 944-45 towards the loss sustained by the stores was recommended. It is inferred from Board's Ref.No.2949-UII-46-Z4 (CS) dated 16-6-49 that the Board has accepted the claim of the stores and has recommended to Government the adjustment of Rs.67683/- towards the loss incurred by the stores. It is not known under what circumstances, the Government have rejected the claim of the stores. I invite Board's attention to my D.O. letter Ref.C.No.W7.16382/50 dated 10-8-50 in which I have requested the Board to take up the question with Government again for reimbursing the losses sustained by the Stores in view of its precarious financial position. I request that the representation of the stores in its memorandum enclosed may be favourably considered.

Yours faithfully,
Sd.xxxxxx
for Collector.

/True Copy/

Superintendent.

SS/27/9/

Copy of letter No.Rc.971/45-F dated 9-8-50 from the President, S.K.C.C.W. Stores, Ltd., Mangalore, to the Secretary to Government, Food & Agriculture Department, Government of Madras, through the Commissioner of Civil Supplies, Board of Revenue , Madras, through the Collector of South Kanara, Mangalore.

Sub: C.S. - Rice and paddy - South Kanara district - Loss incurred by the S.K.C.C.W.Stores - Mangalore - towards transport charges - Recoupment - orders - solicited.

Ref: 1.This Office Rc.971/45-F d/22-8-45 to the Collector of South Kanara.
2.G.O.No.678 Food Department dated 30-7-49.
3.Board's Ref.2949-UII/46-Z4(CS) dated 16-6-49 communicated with Collector's Endorsement Ref.C.W7.27055/49 d/27-6-49.
4. .....

Ref: 4. Government Memo.No.28160 A/50-2 Food & Agriculture Department, dated 29-7-1950.

In order to bring about a uniformity in the selling price of locally procured stocks in 1944-45, the Collector allowed a special margin on each marra (= 84 lbs) at the following rates to cover the transport charges incurred by the Stores for movement of stocks from surplus to deficit areas in the district:-

1. For movements within the respective taluks	2 annas per marra.
2. On all stocks transported to Mangalore rationed area.	5 annas per marra.
3. On all stocks transported to Kasargod taluk	7 annas per marra.

The following was the financial result of this arrangement ordered by the Collector.

Total transport charges incurred from 1-12-44 to 30-6-45.	Rs.	2,46,092 10 0
Receipts under transport charges collected at the above rates)	Rs.	1,54,450 14 0
Hence deficit.	Rs.	91,641-12--0

2. In reference No.1 above cited, the Stores claimed recoupment of Rs- 91,641-12-0 mentioned in the preceding para. It was suggested by me that the amount of Rs. 67,683/- which the stores then held on account of short payments made in respect of foodgrains delivered by producers after due dates during the year 1944-45 may be permitted to be adjusted in part satisfaction of the claim and the balance due may be paid by a subsidy.

3. The claim referred to in the preceding para, gave rise to a protracted correspondence, but no direct and specific orders have yet been passed, disposing off the claim definitely.

4. During the pendency of the claim, the G.O. cited 2nd above was passed regarding the disposal of the aggregate amount of Rs.2,46,385-7-0 held by the Stores on account of short payments made till 24-7-47. It will be seen that the Government directed in the G.O. that the entire sum of Rs.2,46,385-7-0 should be taken over from the stores and immediately credited to the Government. In para 2 of the G.O. the Government directed that a part of the amount may be utilised for the construction of a T.B. Sanitorium in the district. In ordering the crediting of the entire sum of short payments held by the stores, the claim of this stores for Rs-91,641-12-0 made under reference first cited above was not at all considered, evidently because it appertained to a seperate file. A perusal of the G.O. will clearly show a total absence of any reference to the store's suggestion for the adjustment of the amount held by the stores against its claim of Rs.91,641-12-0.

5. Before the receipt of the G.O.dated 30-7-49 directing remittance of the entire penalties fund to the Treasury, the Collector in his endorsement cited 3rd above communicated a copy of the Board's Ref.cited 3rd above, in which the Collector was requested to see that out of the amount of Rs.2,46,385-7-0 held in deposit by this stores, a sum of Rs.1,78,702-7-0 is credited to Government, i.e., deducting the sum of Rs.67,683/- which the Board had accepted and recommended to the Government for sanction of payment to the Stores towards the loss sustained by it in the transport of foodgrains within the district. On receipt of this endorsement by the stores 28-6-49, the amount of ~~this~~ Rs.67,683/- was credited to the Stores on that very day by adjusting it against the penalties fund held by it. In the last G.O. cited 4th above, this adjustment is disallowed by Government. The wording of the G.O. it may be seen, is that "the Government have already considered and rejected the Stores claim for the adjustment of Rs.67,683/-.... I submit that I did not claim any adjustment at any time. There was no

(PTO)

32/11/4/50

Memo no 28160 A/50-7 dt 7-11-50

Sub:- Procurement - Paddy and Rice - South Kanara Dt - loss of Rs 91641-12-0 incurred by the South Kanara Central coop wholesale Stores in the movement of foodgrains in 1944 - Recoupment of - orders - passed

Ref (i) Representation from the South Kanara Central Coop Wholesale Stores Ltd. R.C. No. 971/45. F. dt 28-50 addressed to this Dept and Sent thro' C.C.S. & Collr of South Kanara

(ii) From the Collr of ~~Malabar~~ South Kanara Lr ~~No~~ C.No. WY. 20062/50 dt 5.9.50.

(iii) From the Bd of Revs (MS) Ref. 87744/05/50 dt 26.9.50

W.r.t. letter first cited, the Pdt. of the South Kanara Central Coop Wholesale Stores Ltd is informed that the Govt have considered and rejected the claim of the Stores for meeting the ~~Subsidy~~ loss of Rs 91641-12-0 incurred by them in the movement of foodgrains in 1944-45 ~~from the Banks of their Credit due to short payment for handling charges in view of the fact that the Stores had made a handsome profit on the whole transactions~~. The Pdt is requested to remit to Govt the remaining sum of Rs 1,46385-7-0 as ordered in ~~G.O. MS No. 678 F&A dt 30.7.48~~ Govt Memo. no. 28160 A/50-2 F&H dt 29.7.50.

The Pdt.,
South Kanara Central Coop Wholesale Stores Ltd (R)
Mangalore (Via Hd Qrs)
- Collr of South Kanara
- Bd of Revs (MS)
- R.C.S.

2 Spl

2/ The Collr of S. Kanara is requested to submit a further report on the action taken by the Stores w.r.t. para 1 above.

3.X.50.

TELEGR. "FOOD" TELEPHONE: No. 12

S. K. C. C. W. Central Co-operative Wholesale Stores, Ltd., No. L. 472

Post Box No. 124, MANGALORE.

Ref. No. R.C.971/45-F Special. 77286 Dated 20th November, 1950.

From

Sri M. Shiva Rau, President,
S. K. C. C. W. Stores Ltd.,
MANGALORE.

To

The Secretary to Government,
Food and Agriculture Department,
Fort St. George,
MADRAS.

Sir,

Sub: Transport charges - 1944-45 - Deficit of Rs.91,641-12-0
Rejection of claim.

Ref: Government Memorandum No. 28160-A/50-7 dated 7-11-50.

In the Government Memorandum cited, we are informed that "the Government have considered and rejected the claim of the Stores" for Rs. 91,641-12-0 incurred in the movement of food-grains in 1944-45 and I am requested to remit to Government, without any delay, the balance of Rs. 1,46,385-7-0 as ordered in Government Memo dated 29-7-1950. In this connection, I request a kind reference to para 6 of my letter R.C.971/45-F Special dated 9-8-1950 and the copy of the E.C. Resolution enclosed with the letter, in which I pressed for specific orders on the claim with reasons, if any, in case the Government should think fit to reject it. It is in reply to this that I am informed in the Government Memorandum cited, that the Government have considered and rejected the claim. It is not disclosed when it was considered and rejected and why. I may kindly be furnished with a copy of the Government Order rejecting the claim and the grounds for the same.

2. The present order that this long-pending claim had been considered already and rejected, takes me completely by surprise. All these years, I had been waiting with patience and hope that the claim will be considered favourably and the information that some time ago it has been considered and rejected, comes as a bolt from the blue, as it operates as a direct hit, almost to a finish of the Stores, since it will result in a net loss of over Rs. 60,000/- for the year ended 30-6-50. Our hopes of getting justice having been rudely shaken in this manner and as there are other claims which are equally legal, just and proper, pending with Government, amounting in all to nearly Rs. 1 lakh (one lakh), we have naturally felt shocked and shaken to our very roots. The present Memorandum communicating the sad news was placed with all the connected papers before the Executive Committee of our Stores at a special meeting convened yesterday and I herewith submit a copy of the Resolution passed. I respectfully urge that an opprotunity should be given to me and my co-Director in the Stores, Sri S. Narasapaya, B.A.B.L., Advocate to interview the Hon'ble the Minister on this and other pending claims, a list of which is herewith submitted. I shall feel very grateful for a kind intimation of the day, time and place for the interview in Madras, on any day - 2nd or the 7th of December 1950 - if it is inconvenient, some other nearest date.

3. With regard to the direction of Government to remit Rs. 1,46,385-7-0, I submit that Rs. 67,683/- had been adjusted on 28-6-1949 being part of our claim for Rs. 91,641-12-0 and after retaining in our hands the balance of Rs. 23,958-12-0, we have remitted on 6-9-1950, Rs. 54,743-11-0. Thus we have

p.t.o.

TELEGRAMS: "FOOD" TELEPHONE: No. 12

S.K. Central Co-operative Wholesale Stores, Ltd., No. L. 472

Post Box No. 124, MANGALORE.

Ref. No. ..... Dated.....195

nothing more in our hands than what is just sufficient to the last anna to re-imburse our claim.

The Executive Committee Resolution, therefore, requests that we may be permitted to retain this, pending result of the personal representation proposed to be made to Government by me and my Colleague.

Yours faithfully,

M. Shivarao

President.

Encls: 2

Copy submitted to the Collector of South Kanara, Mangalore.
Copy submitted to the Registrar of Co-operative Societies, Madras.
Copy to the Deputy Registrar of Co-operative Societies, Mangalore.

Ec/-

THE S. K. CENTRAL CO-OPERATIVE WHOLESALE STORES LTED., MANGALORE.

Dated, 20-11-1950.

Extract from the proceedings of the meeting of the Executive Committee held on 19-11-1950.

Resolution No. 43.

AGENDA.

Memorandum No. 28160-A/50-7 dated 7-11-1950 of the Government of Madras - Food and Agriculture Department rejecting the claim of this Stores for re-imbursement of the loss of Rs. 91,641-12-0 incurred on account of transport charges on internal movement of foodgrains in 1944-45 and List of claims of this Stores pending with the Government and consideration of President's Note proposing the giving up of the Sole agency for Procurement and distribution of foodgrains with effect from 1-1-1951 and giving due Notice thereof to the Collector in view of the attitude of the Government in turning down the claim for Rs. 91,641-12-0 and similar other claims and also in view of the un-economic margin sanctioned by the Government for the procurement and distribution agency resulting in the working of the Stores at a loss.

RESOLUTION.

The Committee after a careful consideration of the whole matter, is in entire agreement with the President's proposal to terminate the agency with effect from 1-1-1951 but, before taking that drastic step, under the compelling force of circumstances confronting the Stores, the Committee considers that a conciliatory approach may be made to Government to get justice in regard to this and other claims pending with Government and also sanction of the additional margin of three pies asked for. The President and Sri S.Narasapaya are authorised to personally interview the concerned authorities at Government level for the purpose. They are hereby authorised to Notify orally that the agency will be definitely given up unless the conditions set forth above are fulfilled. The remittance into the Treasury of the balance of Rs. 23,958-12-0 will kept in abeyance pending the result of this special deputation.

* * * * * * * * * * * * *

Sd/- M. Shiva Rau
President.

(TRUE EXTRACT)

THE SOUTH KANARA CENTRAL CO-OPERATIVE WHOLESALE STORES LTD.

Secretary.

			for 45-46 and 46--47 on employees in the Reception Depots of the Stores.	3- 3-1950	ernment-, Revenue Department.	dated 23-6-1950.	Government.
6.	Rs.	2,489- 9- 2	Subsidy and interest on stocks of Soji and wheat-flour held by the Stores on 2-6-1946.	17- 5-1947 & 22-11-1948	Board's No.L.II(2)-Accounts-1535-48-D dated 16-12-48 disallowing interest.	Review petition dated 23-6-1950 to the Board.	Board intimates that the matter is pending with Government.

K Mohanchandra
for President,
S.K.C.C.W.Stores Ltd.
Mangalore.

LIST OF CLAIMS PENDING WITH GOVERNMENT.

No.	Amount	Subject.	Date of Original claim.	Latest Government Order.	Further action taken by the Stores.	Remarks
1.	Rs. 91,641-12- 0	Loss in transport charges on internal movement of foodgrains in 1944-45.	22- 8-1945	Memo No.28160-a/50-7 Food & Agriculture Department d/7-11-50 rejecting the claim.	Government requested to grant an interview to the President and Director, Sri S. Narsapaya, as per Ref. dated 20-11-1950.	
2.	Rs. 26,793- 0- 0	Interest on cost of wheat exported to Agra.	26- 4-1948	Government Memo No. 53873-D-49-2-Food & Agriculture Dept. D/16-9-50, rejecting the claim.	The Government requested to state the grounds on which the claim is rejected - 25-10-1950.	
3.a)	Rs. 2,468-14- 3	Reimbursement of sale tax paid on transport charges collection in 47--48.	10- 9-1949	L.Dis.15541/49 dated 6-2-1950 of the Collector of South Kanara.	Appeal to the Board on 25-6-1950.	Board intimates that the matter is pending with Government.
b)	Rs. 4,000-14- 3	Reimbursement of sales tax paid on transport charges collection for the subsequent period up to 30-6-49.				
	6469-12-6					
4.	Rs. 25,694-13- 8	Reimbursement of sales tax paid on Bonus Surcharge collected.	20- 5-1949	Board's 77015/U5/49-9 (C.S) dated 8-8-50 demanding payment of the amount adjusted communicated as in Collector's Ref.W6-16528/50 d/14-8-50.	Appeal to Government on 16-10-1950.	
				Memo No. 15269-N/50-2	Revision petition	

CONFIDENTIAL

D.O.No.87744-U5/50.

IMMEDIATE

Board of Revenue (CS
Chepauk, Madras,
28th Novr., 1950.

79406

My dear Kuttalalingam Pillai,

Sub: PROCUREMENT - Paddy and rice - South Kanara district - The South Kanara Central Cooperative Wholesale Stores, Mangalore - Rejection of the claim for transport charges in 1944-45 - Threatened discontinuance of the procurement agency by the Stores from 1-1-1951.

Read: Letter No.971/45-F Special dated 20-11-50 from Sri M. Shiva Rao, President, S.K. C.C.W. Stores addressed to you and copied to the Board.

--

The copy of the resolution dated 20-11-50 of the Executive Committee of the S.K.C.C.W. Stores sent with the President's letter cited above shows that the stand now taken by the Stores is that the procurement agency will be terminated with effect from 1-1-51 unless the claim for the reimbursement of the loss on account of transport charges and other claims including the increase in the margin of profit are settled favourably to the Stores. I should not be surprised if we get constant threats of this kind, as the Stores must be finding the present margins too low to manage with. The Government have already taken serious notice of this attitude of the Stores, and have asked in their Memo.62533-A/50-5, Food and Agriculture, dated 14-10-50 for proposals to replace the Stores by a suitable substitute. The question now is how best this replacement can be effected at the earliest possible moment. The possibility of any private merchants of South Kanara district or even of Malabar district taking up the procuring agency in this district has to be ruled out - vide Board's Ref.No.90470-U5/50(CS), dated 16-11-50. The only alternative is to arrange for procurement through Government agency. I therefore suggest for the immediate consideration of the Government that the scheme of monopoly procurement on Government

account as now proposed for the Krishna and East Godavari districts may be extended to the South Kanara district also. The Collector of South Kanara has already made preliminary investigations for introducing the Government Purchase agency in the Karkal taluk and has promised to submit necessary proposals within a week. I request that the Orders of the Government may be obtained ~~xx~~ on this suggestion very urgently.

Yours sincerely,

Sri M.A. Muttalalingam Pillai, B.A.,
Secretary to Government,
Food & Agriculture Department,
Fort St. George, Madras.

INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

S.D

Qr MC/81

NOTICE.

This form must accompany any inquiry made respecting this telegram.

Charge to pay. Rs.	As.	Office Stamp.

Handed in at (Office of Origin).	Date.	Hour.	Minute.	Service Instructions.	Words.
Mangalore C	4	18	70	X	20

TO Cerealds MS

Recd. here at H 9 3 25

= Reference dated november twentieth pray intimate date appointed for interview matter emergent President Cenft - 1

N.B.—The name of the Sender, if telegraphed, is written after the text.

~~Food~~ + Agri

To A.S.

from A

Pl. see the telegram from the P.S., ~~Secretariat~~ S.K.C.C.W. Stores on the subject.

12.40 P.M/50 The main file on the subject has been circulated to H.M. (Food) on 4/12/50 to fix a date for interview. This may kindly be given till the receipt of the main file. After the receipt of the file, the P.S. will be given a reply.

6/12/50

Telegrams: "FOOD"

S. K. Central Co-operative Wholesale Stores, Ltd., No. L. 472.

Post Box No. 124. MANGALORE

Ref. ..... Dated 4 - 12- 19 50

EXPRESS

CEREALS

MADRAS

21658.

REFERENCE DATED NOVEMBER TWENTIETH PRAY INTIMATE DATE APPOINTED FOR INTERVIEW MATTER ~~URGENT~~ EMERGENT

PRESIDENT

CENTRAL STORES.

Post copy in confirmation to the Secretary to Government, Food & Agriculture Department, Madras.

For President.

Draft I

FOOD & AGRICULTURE(A).

MEMORANDUM No. 28160 A/50-8 D/12--12--1950.

Sub: Procurement - Paddy and Rice - South Kanara District - The South Kanara Central Cooperative Wholesale Stores Ltd., - Claim for transport charges in 1944-45 and certain other claims - Threatened discontinuance of the procurement agency by the Stores from 1-1-50 interview fixed.

Ref: Letter from the President, S.K.C.C.W.Stores, Rc.971/45 dated 20-11-50 (Copied to the R.C.S. and Board of Rev(C.S).

With reference to his letter cited, the President, S.K.C.C.W.Stores Ltd., is informed that he and his co-director, Sri S.Narasapaya, may meet H.M. (Food) in the Secretariat, Fort St. George, on 21st December 1950 at 12 noon to discuss the question referred to above.

The receipt of this communication may kindly be acked

To

The President,
South Kanara Central Coop.Stores Ltd., Mangalore.
Copy to Board of Rev(CS).
Copy to R.C.S.

Special 28/12/50

Draft II

FOOD & AGRICULTURE(A).

.O.No. 28160 A/50-9 D / 12--12--1950.

My dear Ryan)

Sub: Procurement - Paddy and Rice - South Kanara District - The South Kanara Central Cooperative Wholesale Stores Ltd., Claim for transport charges and certain other claims - Threatened discontinuance of procurement agency by the Stores from 1-1-1951.

Ref: Letter from the President, S.K.C.C.W.Stores, No.971/45-F dated 20-11-50 (copied to you).

Please refer to the letter cited a copy of which is enclosed for your ready reference. H.M.(Food) will interview the President, S.K.C.C.W.Stores and his Co-Directors on 21st December 1950 at 12 Noon in the Secretariat to discuss the subject referred to above. I am to request you to be present at the meeting. The C.C.S. is also being ~~asked~~ requested to attend the meeting.

Y.S.

Sri J.C.Ryan, M.A.,
P.C.S., Madras.

P.T.O.

Special / Strictly Confdl Draft III

FOOD & AGRICULTURE(A).

D.O.No. 28160 A/50-16 D/ 12--12--1950.

Sub: Procurement - Paddy and Rice - South Kanara District - The South Kanara Central Cooperative Wholesale Stores - Claim for transport charges incurred in 1944-45 and certain other claims - Threatened discontinuance of the Procurement agency by the Stores from 1-1-5[illegible] - Interview fixed.

Ref: Letter from the President, S.K.C.C.W. Stores Rc.971/45 dated 20--11--1950.
Your D.O.No.87744-U5/50 dated 29-11-50.

In your D.O. second cited it has been suggested that the South Kanara Central Cooperative Wholesale Stores Ltd., may be replaced by extending the scheme of monopoly procurement on Govt. account in South Kanara District as is proposed for the Krishna and East Godavari Districts. In view of the present ways and means position ~~of~~ the Government do not consider it necessary ~~possible~~ to enter into further commitments by extending the monopoly scheme to South Kanara District. Apart from this, the Govt. are now having under consideration a proposal to give up rural rationing from 1951. Under this Scheme, if it is finally adopted, South Kanara District which is slightly a surplus district ~~will~~ would be left to itself to manage its requirements from the local production. The present Intensive Scheme ~~will~~ would consequently be given up and procurement ~~will~~ would be by levy on trade in order to meet the requirements of urban areas only. In these circumstances no change in the existing procurement system appears ~~to be~~ considered necessary till a decision is reached on the above proposal.

~~It is observed~~ From the letter ~~first~~ above, cited it appears that the S.K.C.C.W.Stores are willing to come to a compromise in regard to the settlement of their claims and they have suggested that an interview may be granted to them by H.M. for Food to discuss these questions ~~items~~ before taking the extreme step of giving up of procurement. ~~It has~~ H.M. for Food accordingly agreed ~~been decided~~ to grant an interview to the President, S.K.C.C.W.Stores Ltd., + another Director ~~with H.M. (Food)~~ on 21st December 1950 at 12 Noon in the Secretariat. I am, ~~therefore~~, to request you to be present at the above meeting. The R.C.S. is also being requested ~~asked~~ to attend the meeting.

Y.S.

TELEGRAMS: "FOOD" TELEPHONE: NO. 12

S. K. Central Co-operative Wholesale Stores, Ltd., No. L. 472

Post Box No. 124, MANGALORE.

SECRETARIAT SECTION
28 DEC 1950
FOOD AND AGRICULTURE DEPARTMENT

Ref. No. R.C.971/45-F SPECIAL. Dated 26th December, 1950.

Vernacular version of the complaint received on 28/12/50

85369

From

Sri M. Shiva Rau, President,
S. K. C. C. W. Stores Ltd.
MANGALORE.

To

The Secretary to Government,
Food & Agriculture Department,
Government of Madras,
Fort St. George,
MADRAS.

Sir.

Sub: Procurement - Paddy and rice - South Kanara District - The South Kanara Central Co-operative Wholesale Stores Ltd. - Claim for transport charges and certain other claims - Interview with Hon'ble the Minister - Refixing of date - Requested.

Ref: 1. This Office No.971/45-F dated 20-11-50 to Government.
2. Express telegram dated 4-12-50 to Government.
3. D.O.No.157014/50-S2 dated 21-12-50 from Sri G. Viswanatham Chetty, Joint Registrar of Co-operative Societies, Madras.

I was astonished to learn from the Joint Registrar's D.O. cited 3rd above, which I got by Mail on the 22nd, that in the absence of Mr. Ryan, the Registrar, he had been to the Secretariat to meet the Hon'ble the Minister at an interview to me and my co-Director fixed for 21st December at 12 noon in the Secretariat to discuss the subjects referred to above, and, as I was not present nor was any communication received from me as to why I could not be present, the engagement fell through. This letter of the Joint Registrar was the very first intimation to me that the interview was fixed for the 21st. I had no communication at all about the fixing of the interview. It will be seen that from 20th November till 4th December, I was anxiously awaiting the fixing of the date for the interview and on the 4th the Express telegram No. 2 cited was sent for intimation to me of the date. This telegram also did not elicit any response. I was, therefore, completely taken by surprise that an interview was fixed for the 21st, without any intimation to me and that I was placed ex-parte without any fault on my part. This is a most unfortunate thing to have happened and I am quite unable to divine why and how the intimation, if given, should not have reached here. No useful purpose is served by any speculation on this point. I believe that, on account of this unfortunate mishap, the Stores has not been placed out of Court and that opportunity will be given for this long-expected interview on which the Stores has so much at stake.

I request, therefore, that a fresh date may kindly be fixed in the first week of January 1951 and due intimation thereof may kindly be given to me in time. I have 2 Cooperative meetings to attend on Sunday, 7th January 1951 in the afternoon in Madras and therefore, I shall be very thankful if the date for the interview is fixed for the 5th or the 6th January 1951 and if either of these two dates are inconvenient, the 8th of January.

Anxiously awaiting the favour of a very early reply.

Yours faithfully,

M. Shiva Rau

President.

p.t.o-

Copy to the Commissioner of Civil Supplies, Board of Revenue, Chepauk, Madras.
Copy to the Registrar of Co-operative Societies, Madras.

Ec/-

28 DEC 1950
FOOD AND AGRICULTURE DEPART

D.O.No.157014/50-S.2

Office of the
Registrar of Cooperative
Societies, Madras, 26-12-50.

Dear Mr. Kuttalalingam Pillai.

85364

Sub: Procurement - Paddy and rice -
South Kanara District - The
South Kanara Central Cooperative
Wholesale Stores - Mangalore
Claim for transport charges
in 1944-45 and certain other
claims - deputation to Government -

Ref: Government Memorandum No.28160-A/50-8
(Food & Agriculture) dated 12-12-50.

SECRETARY TO GOVERNMENT
27 DEC 1950
FOOD AND AGRICULTURE DEPARTMENT

P67 ante

I wrote to Mr. Shiva Rau, President of the South Kanara Central Cooperative Wholesale Stores Ltd., Mangalore enquiring why he could not be present for the interview with the Hon'ble Minister for Food and on 21-12-1950 fixed in the Government Memorandum cited, with regard to the claims of the stores. He has replied stating that he has not received any intimation of the interview till now. Evidently the communication did not reach him. May I, therefore, request you kindly to fix another date convenient to the Hon'ble Minister to discuss the matter and intimate to me in advance? The communication intended for the stores may be sent to me for transmission to it. As the matter is very urgent, I shall be grateful if the date is fixed as early as possible.

Yours sincerely,

1/4 26/12

Sri M.A. Kuttalalingam
Pillai, M.A.,
Secretary to Government,
Food & Agriculture Department,
Fort St.George, Madras.

CONFIDENTIAL.

FOOD & AGRICULTURE(A).

MEMORANDUM No. 28160 A/50-11 D/ 4--1--1951.

Sub: Procurement - Paddy and Rice - South Kanara District - The South Kanara Central Cooperative Wholesale stores Ltd., - Threatened notice of the stores to discontinue procurement - Remarks called for.

Ref: (i) Govt. D.O.28160-A/50-10 Food and Agri. dated 12-12-50.
(ii) Letter from the President, S.K.C.C.W.Stores Rc.971/45-F.Spl. dated 26-12-1950.

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The attention of the Board of Revenue(C.S) is invited to the D.O. first cited requesting the C.C.S. to be present at the interview fixed by H.M.(Food) ~~to~~ the President of the S.K.C.C.W. Stores on 21-12-1950 to discuss the question of arriving at a compromise in regard to the settlement of their claims referred to in their letter dated 20-11-1950. The President did not turn up on that day. He has now reported that he did not receive the communication fixing the interview and has requested that a fresh date may be fixed for the interview. The Govt. have now ordered that South Kanara should be treated as a self sufficient district and that rationing in the district should be restricted to Municipal towns and industrial centres. In view of the changed conditions the question has been raised whether the threat of the S.K.C.C.W. Stores to discontinue procurement work unless their claims referred to above are favourably considered, should be seriously considered. It is observed from the stock statement for the week ending 16-12-50 that South Kanara District is in a comfortable position with 11,700 tons of rice. The issues of rice in the statutorily rationed area during the Week Ending 16-12-1950 amounted to only 204 tons of rice. Rounding it off to 210 tons the present stocks may be expected to last for about a year on the basis of the off take for the Week ending 16-12-1950. Even assuming that it becomes necessary to open a few fair price shops here and there in the course of the year, it should be possible for the Collector to do a little procurement from the bigger ryots, even without the intervention of the S.K.C.C.W.Stores. Hence the question of increasing the incidentals in favour of the S.K.C.C.W.Stores for the purpose of

of arriving
procurement and ~~amongst~~ a compromise in regard to other claims as a consequence to the threat of the Stores to give up procurement has lost its significance for the year 1951. The Board is requested to offer its remarks on the above suggestions ~~roundly at any rate~~ not later than 8--1--1951, after the receipt of which the question of granting the interview to the Stores will be considered.

3/1/51 3.1.51

3/1/51

3/1/51

The Board of Rev(C.S).

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

NOTICE.

This form **must** accompany any inquiry made respecting this telegram.

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Office Stamp.

4 JAN 51

C.T.O. Madras

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Received here at H. M.

NRM MANGALORE KNA 4 17 RPPD CEREALS MADRAS =

SERVICE DECEMBER 26- TH PRAY FIX INTERVIEW 8- TH OR 20- TH LITIMATE =

PRESIDENT CENTRALSTORES

N. B.—The name of the Sender, if telegraphed, is written after the text

As. 8.12.0[illegible]

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Telegrams: "FOOD"

S. K. Central Co-operative Wholesale Stores, Ltd., No. L. 472.

Post Box No. 124. MANGALORE

Ref. ..... *Dated* 4th January, *19* 51

CEREALS - MADRAS

REFERENCE DECEMBER 26TH PRAY FIX INTERVIEW 3TH OR 20TH INTIMATE

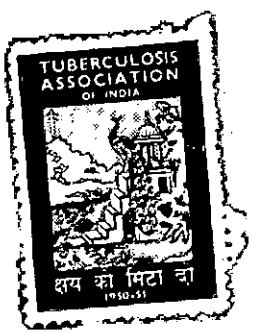
PRESIDENT
CENTRALSTORES.

R.C.971/45-F

Post copy in confirmation to the Secretary, to Government, Food & Agriculture Department, Government of Madras, Fort St. George, Madras.

For President.

Ec/-



IMMEDIATE.
CONFIDENTIAL.

BOARD OF REVENUE (CIVIL SUPPLIES)

Abstract:

PROCUREMENT - Paddy and rice - South Kanara District - The South Kanara Central Cooperative Stores Ltd. - Threatened notice of the Stores to discontinue procurement - Remarks - Submitted.

1968

Board's Ref.87744-U5-50-5
Dated 8th January, 1951.

Sri V. S. Hejmadi, I. C. S.,
Commissioner of Civil Supplies.

Sri K. Subba Rao, B. A.,
Joint Secretary to the Commissioner of Civil Supplies.

Read: Government Memo No.28160-A-50-11 dated 4-1-1951.

In their memo cited above, the Government have observed that in view of the discontinuance of the Intensive Procurement scheme in the South Kanara District and in view of the adequate stock now on hand in the district, the question of increasing the incidentals in favour of the South Kanara Central Cooperative Wholesale Stores for the purpose of procurement and of arriving at a compromise with regard to the other claims made by the Stores, has lost its significance for the year 1951. The Board submits that as regards the adequacy of stocks, it will not be safe to assess this with reference to the offtake of a particular week, in statutory rationed areas alone while estimating the period for which it will last. According to the figures reported by the Collector, there was a stock of 11,318 tons of rice on 2-1-1951 and with reference to the requirements of the statutorily rationed areas and industrial centres in the district this stock may be expected to last for 161 days. The Collector of South Kanara has reported that the Hosdrug sub taluk being a highly deficit area, adjoining Malabar, will have to be completely fed from outside and that it should be put under statutory rationing or rural rationing. The Board is recommending separately that the existing rural rationing may be continued in that sub taluk. Further, under the revised policy, a systematic levy procurement is to take the place of Intensive Procurement scheme in the district. The Board submits therefore that it will be necessary to have a proper procurement agency to function in the district, if breakdown is not to be hazarded. As the South Kanara Central Cooperative Wholesale Stores had been the sole monopoly procuring agent all these years, ever since the inception of the Government scheme, no private merchant is prepared to take up the work now and the Collector of South Kanara has already reported to this effect. The Board submits, therefore, that the agency of the stores cannot be dispensed with altogether immediately and may have to be continued even if a levy scheme is introduced in the district. In these altered circumstances, the Board is also recommending to the Government separately that the additional margin of 0-0-3 pies per mura of rice claimed by the Stores may be allowed - vide Board's Ref.90470-UV/50-14 dated 6-1-1950 in reply to Government Memo No.62533-A/50-10 dated 27-12-1950.

8.1.51.

for JOINT SECRETARY. 8.1.51

To: The Secretary to the Government, Food and Agriculture Department,
Fort Saint George, MADRAS.

PKS8151.

Telegrams: "FOOD" Telephone: No. 12

S. K. Central Co-operative Wholesale Stores, Ltd., No. L. 472.

Post Box No. 124. MANGALORE

Ref. D.O. R.C.971/45-F Special. Dated 15th January 1951

17 JAN 1951
FOOD AND AGRICULTURE DEPARTMENT

Dear Sir 3935

MEDIATE

Sub: Procurement - Paddy and rice - South Kanara - The S.K. Central Co-op. Wholesale Stores - Claim for transport and certain other claims - Interview with the Hon'ble the Minister - Immediate issue of orders - Requested.

Ref: This Office No.971/45-F dated 20-11-50 to Government and Interview thereon on 6-1-51.

After the discussion at the interview with the Hon'ble the Food Minister in Madras on the 6th of this month, with reference to the claim for transport charges and certain other items of claims which were gone through in detail and also the question of allowing a further margin of 3 pies per mura which we pressed, I expected that the Government will be pleased to issue favourable orders without waiting any further. Though 10 days have elapsed, I have been so sorely disappointed that no orders have yet been issued and received here. I am therefore venturing to address this as a REMINDER for favour of your immediate personal attention and request I may be excused for doing so and troubling you in the midst of numerous pre-occupations due to the difficult situation confronting Government now.

The audit of our accounts for 1949-50 (year ended 30-6-50) is just over and as the crediting of Rs.67,683 from the penalties fund towards the transport charges has been held under objection by the auditor, the working of the Society during the year shows a net loss of Rs.35,400/-. As I expected that orders will be received allowing our claim, I thought that the audit objection will be removed and the balance sheet will disclose a profit of about Rs.32,000/- which will be sufficient to enable us to declare a dividend of 5% as in previous years, but the non-receipt of orders has placed us in a quandry. I am therefore

sending this S.O.S. and request the favour of your communicating immediate orders allowing the claim. I am requesting the auditors here to stay further work and hold up the submission of the report due to the Registrar pending receipt of the orders of Government. In allowing the claim, the amount may be passed on to the consumers as suggested by you and directed to be recovered by an appropriate surcharge at the rate of 8 annas per mura.

The issue of orders on the claim for transport charges is most urgent as represented above and the other claims may be dealt with a little later.

Additional margin. It was agreed that an additional margin of 3 pies pressed by us will be allowed. Pray issue orders, if possible, by telegraph to the Collector allowing the additional margin. As sales are going on even now, we are losing nearly Rs.30/- every day by want of orders allowing the 3 pies. As we are losing every day by the delay of orders, I shall feel most grateful if immediate orders are issued.

I am most anxious for immediate orders on these two matters and if I do not receive orders by the Mail on the18th, I shall leave this on 19th morning for Madras and request to be permitted to call at your office at 12 noon on Saturday the 20th of this month.

Thanking you.

Yours faithfully,

M.Thiruvengadam

Sri M.A.Kuttalalingam Pillai,M.A.,
Secretaryto Government,
Food & Agricultural Department,
Fort St. George, Madras.

8/18/1/51

Memo No. 28160 A/50-14 D) 18.1.51

Please issue at once
18/1/51

Time 12 P.M.

Typed & 18.1.51

p 1-2 cf

Sub:- Procurement - Paddy & Rice - South Kanara Dt - S.K.C.C.W. Stores - claim for transport charges & other claims - Interim reply ...

Ref:- (1) Lr. from the P.D.R., S.K.C.C.W. Stores D.O.R.C. 971/45 F.D) 15.1.51

W.r.t. this letter cited, the President, South Kanara Central Coop. Stores Ltd is informed that ~~the claims of the Stores are receiving the utmost consideration of the Govt and other orders~~ in claiming ~~will be communicated~~ shortly.

PDR WD 18/1/51

To

The President,
South Kanara
Central Coop
Stores Ltd,
Mangalore.

WD 17/1/51

17.1.51

WD 17/1/51

Memo No. 28160 A/50-16 & 29.1.51 — Food & Agri A 48

Sub:- Procurement + Paddy & Rice < South Kanara Dt - claims of the South Kanara central coop. wholesale Stores - Re-imbursement of Sale tax + Bonus Surcharge on transport charges - remarks called for.

p 53-57 cf — Ref (i) Ltr from the Pdt; S.K.C.C.W. Stores & HD R.C. 971/45-F. dt 20/11/50

p 1 cf of L.F.I 78559 A/50 — (ii) From the RD of Rev (A) Ref. 7701505/50-12 dt 25.11.50.

p 57 cf — The attention of the RD of Rev is invited to items 3(a) & 3(b) of the list of claims forwarded with the letter of the Pdt, S.K.C.C.W. Stores cited. In regard to these items, Shiva Rao, Pdt of the S.K.C.C.W. Stores who interviewed H.M. (Food) on 6-1-51 represented

that the Stores did not collect
sales tax from the retailers or
the general public as no such
direction was issued by the Collr. of South Kanara
but the Commercial Tax Deptt.
had recovered the taxes due under
these items from the Stores.
In as much as these are payable
by the consumer, he pointed
out that the loss should
be re-imbursed to the coop Stores
either by adjustment from Govt.
monies with them or by an appropriate
increase on the consumers' price.
The RE is requested to offer
its remarks on the suggestion TC
of the PSF.

The RE-orders

27/1/51 27.1.51 28/1/51 29/1/51 31/1 2 S/c

TELEGRAMS: "FOOD" TELEPHONE: No. 12

S. K. Central Co-operative Wholesale Stores, Ltd., No. L. 472

Post Box No. 124, MANGALORE.

Ref. No. R.C.971/45-F Dated 2nd February, 1951.
D.O.

ASSISTANT SECRETARY 5 FEB 1951 FOOD AND AGRICULTURE DEPARTMENT
5 FEB 1951 FOOD AND AGRICULTURE DEPARTMENT

Dear Sir,

Sub: Procurement - Paddy and rice - South Kanara - Transport charges of Rs. 91,641-12-0 incurred by the Central Co-operative Wholesale Stores in 1944-45 - Recoupment of - Immediate orders - Request for.

Ref: My D.O. R.C.971/45-F dated 15-1-1951. — p 84 ante.

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not put up

I am much obliged to you for the orders dated 19-1-1951 passed with regard to the allowing of a further margin of 3 pies per mura allowed to our Stores, in pursuance of the discussion I had at the interview with the Hon'ble the Food Minister on 6th January last.

The other matter on which I pressed in the D.O. cited above is with reference to the re-coupment of Rs.91,641-12-0 incurred by theStores under transport charges in 44-45. During the personal discussion, it will be recalled, that the claim for recoupement was virtually admitted as quite sound and valid and the only question left over was whether it is to be passed on to the consumers as usual or adjust against the penalties fund. It was then considered that the question of adjustment was one in which the Finance Department had its say though I pointed out that the penalties fund was not an item of general revenues of the State. It was said that the dealing with that fund was subject to the vote of the Finance Department.

As pointed out in my last D.O., the Audit of 1949-50 has been completed and the Deputy Registrar has just issued an Audit Certificate holding under objection Rs.67,683/- adjusted without sanction of Government. Though the Certificate now issued does not show a net loss, the profit figure is rediculously nominal as a big slice of Rs.67,683/- has been taken out of our earnings last year. This is tragic and pitiable. As expressed personally by me, I feel I cannot face the General Body with this deplorable result. I am anxious, therefore, that the Government may be pleased to sanction the recoupment of the transport charges by an appropriate surcharge on consumers until recovered. This can be done without waiting for the result of the reference to the Finance Department. I shall feel most grateful if you will kindly see that the order for recoupment is passed immediately and communicated to me so that I can approach the Dy. Registrar of Co-operative Societies for a revised Audit Certificate permitting of the distribution of Dividend at 5% as in past years.

Thanking you.

Yours faithfully,

President.

Sri M.A.Kuttalalingam Pillai, M.A.,
Secretary to Government,
Food & Agricultural Department,
Fort St. George,
Madras.

Ec/-

1u8u1

D.O.No.157014/50-S.2

Office of the Registrar of Cooperative Societies, Madras, 9-2-51.

Dear Mr. Kuttalalingam Pillai,

Sub: Procurement - Paddy and rice - South Kanara District - South Kanara Central Cooperative Wholesale Stores Ltd., Mangalore claim for transport charges in 1944-45 and certain other claims -

Ref: i) Endorsement No.28160-AØ50-13 dated 16-1-51 (Food and Agriculture)

ii) D. No.971/45-F dated 2-2-51 from the President, South Kanara Central Cooperative Wholesale Stores Ltd., Mangalore addressed to you (copy to me).

SECRETARY TO GOVT. MADRAS
10 FEB 1951
FOOD AND AGRICULTURE DEPARTMENT

I invite your attention to the D.O. letter from the President, South Kanara Central Cooperative Wholesale Stores Ltd., Mangalore cited as item (ii) above. In the circumstances explained in it, I shall be grateful if you can kindly see that early orders are passed in the matter.

Yours sincerely,

G. Viswanatham 9/2

G. Viswanatham,
Joint Registrar.

Sri M.A. Kuttalalingam Pillai, M.A.,
Secretary to Government,
Food & Agriculture Department,
Fort St.George, Madras.

Pl. issue at once WP 16/2/51

pp 33-35 cf

p 5 cf

p 3-5 cf

p 8 3 cf

Sub: Procurement - Distribution - South Kanara District - Loss of Rs.91,641-12-0 incurred by the South Kanara Central Cooperative Wholesale Stores Ltd., towards transport charges in 1944-45 - Temporary enhancement in the wholesale issue price till loss is recouped - Orders Passed.

Read: Govt. Memo No.28160-A/50-2&3 Food and Agri., dated 29-7-50.
Govt. Memo No.28160-A/50-7, Food and Agri., dated 7-11-50.
From the President, S.K.C.C.W.Stores, Rc.No.971/45-F. Spl., dated 20-11-50.
From the Board of Revenue (CS)Ref.87744-U5/50-5, dated 8-1-51.

G.O.MS.NO. 283 DATED 16-2-1951.

The Govt. after reconsideration, have decided to permit the S.K.C.C.W.Stores, Mangalore, to enhance the wholesale issue price of paddy and rice suitably in respect of stocks to be issued in future, until the entire loss of Rs.~~91-641~~ 91641-12-0 (Rupees ninety one thousand six hundred and forty one and annas twelve only) incurred by the Stores on account of transport charges in the year 1944-45, is recouped. In fixing the enhanced issued price the following ~~points~~ incidence should be ~~considered~~ observed. The attention of the Board of Rev. (C.S.) is invited to the orders issued in Memo No. 35371-A/50-3, Food and Agriculture dated 29-7-50 and Memo No.78183-A/50, Food and Agriculture dated 8-1-51 permitting the S.K.C.C.W.Stores to enhance the wholesale issue price by annas 4 per maund of rice until the loss of Rs.1,02,359-12 plus the sales tax of Rs.1599-6-0 making a total of Rs.103959-2-3 is recouped. If the Stores are to recoup the loss of Rs.91641-12-0 only after the arrears under the other items referred to above are realised fully, it may unduly prolong the period of recovery. If, on the other hand, the loss in question is also collected in full along with the arrear amount, it may have the effect of putting up the price for the consumer a little too high. The Govt., therefore, consider that the increase in price to be fixed should be a flat rate taking into account the present loss and old arrear and in fixing the increased rate the Collr. should particularly bear in mind that the consumer's price is not unduly raised at any time, that is to say, by increasing the consumer's price by

Re.1/- per mura of rice the entire demand will be wipec out in four months; the adoption of 3 annas increase per mura may be ~~adopted~~ Referred, though the period of recovery may prolong to 9 months. The Board of Rev. (C.S.) is accordingly requested to issue clear and specific instr tions to the Collector of South Kanara and the S.K.C.C.W.Store in the matter and submit five copies of the instructions to the Govt.

2. The Board is also requested to submit to the Govt. monthly progress reports showing the collection and balance for each month in regard to the recovery of the loss in question and to see that the enhancement in the wholesale issue price referred to above is discontinued as soon as the loss of Rs.91,641-12-0 is recovered.

51 13.2.51

13/2/51

Dpd 19.2.51

The Bd. of Rev.(CS).
The Collr. of S.Kanara
The R.C.S.
The President, S.K.C.C.W.Stores, Mangalore.
The Finance. (P.W.R)
The A.G. thro' Fin.
The Dev. Deptt., (P.W.R)
S/Cs. 5.

Food & Agr
A

Memo No. 28160 A/50-18 D) 26.2.51

Pl. issue once No 20/2/51 Reminder 2nd 4/2/51 26/2/51

Subject:- Procurement - Rice and paddy - South Kanara Dt - Penalty on late deliveries collected by the S.K.C.C.W. Stores Ltd - Remittance - Instructions - Issued.

Ref (1) Govt. Memo 28160 A/50-3 F&A dt 29.7.50
(ii) Letter from the P&T, S.K.C.C.W. Stores Ltd
Ref. R.C. 971/45 F. D) 9.8.50.
(iii) G.O. MS 283 F&A D) 16.2.51

The P&T, South Kanara Central coop wholesale Stores Ltd. in the resolution D) 6.8.50 communicated with their letter second cited stated that the remittance of the penalty amount collected by them during the years 1944-45 would be kept in abeyance till their claim for Rs 91,641-12-0 towards transport charges incurred in 1944-45 was decided. Now that the Govt have passed orders in G.O. MS 283 F&A D) 16.2.51 permitting the Stores to recoup the loss of Rs 91,641-12-0 by a suitable price increase, the P&T, the S.K.C.C.W. Stores is requested to remit at once the amount of Rs 91641-12-0 (Rs ninety one thousand six hundred and forty one and annas twelve only) due to Govt. from the Stores as per G.O. 678 Food D) 30.7.

2) The attention of the Collr of South Kanara is invited to the Govt. Memo first cited wherein he was asked to

'L' on p41 cf

'1' on p41 n cf

Further action taken in corr. 20209 A/51

(R)

p 35 cf

p 37-38 cf

p 93-94 cf

p 93-94 cf

p 99-100 cf

p 35 cf

to refund the sum of Rs 4620-11-5 due to the S.K.C.C.W. Stores by the Govt. towards excess collection against price surcharge, until the Stores remit to the Govt. the collections made by it on short payment for late deliveries of foodgrains. The Coll:r is requested to refund the sum of Rs 4620-11-5 (Rupees Four thousand Six hundred and twenty, annas eleven and pies five only) after the Stores have remitted the sum of Rs 9164-12-0 as directed in para 1 above.

24/2/51 24.2.51 WD 24/2/51 24/2/51

To

The President,
S. K. C. C. W. Stores Ltd
Mangalore

(para 1 only)

Copy to the Coll:r of South Kanara
Bd of Rev (CS)
R. C. S.
Accts, Fin.
A. G. Mad Fin.

Food and Agriculture Dept.
(A)

Sub: Procurement - Rice and Paddy -South Kanara district - Penalty on late deliveries - remittance.

Ref: (i) From the Board of Revenue (Civil Supplies) 27470 M.II/50-CS. dated 25/4/50.
(ii) From Letter from the South Kanara Central Wholesale Stores dated 27/4/50.

To A.S.

Please see the Board's reference cited and the enclosures thereto (at pp. 1-5 c/f) the petition of the S.K.C.C. Stores on p.7-9 c.f. and the minute of H.M.(Agri) on p.7 c.f.

Grain Pattane - claim for transport charges 1944-45 & 45-46 (Rs. 67,683)

In the year 1944-45 the South Kanara Central Co-operative Stores realised a sum of Rs.67,683 by way of short payments to producers for deliveries of food grains made after due dates fixed by the Collr. The Stores represented that it incurred a loss of Rs.91,614-12-0 by way of transport charges and requested that the sum of Rs.67683 referred to above might be made over to the Stores to meet the loss. The Government have, after careful consideration, rejected the claim after obtaining the orders of the Cabinet and ordered that the sum of Rs.67683/- as well as the savings (two similar short payments) effected in the subsequent years amounting to Rs.2,43,385-7-0 in which was kept in deposit with the stores should be taken over immediately and credited to the Government. Out of this sum the Stores have already paid one lakh and a balance of Rs.1,46,385-7-0 (Rs. 67683 + Rs.78702-7-0) is still due from them. ~~Attention is invited to the notes (1) on p. 59-60 of 'R'.~~ In its letter No. II/9/49 the Stores represented that no specific orders were issued by the Government in G.O.678 Food dated 30/7/49 with reference to its claim for the adjustment of Rs.67,683/- against the loss incurred by it towards transport charges and refused to pay the balance amount of pending the issue of specific orders on this claim. The Board informed the Collector that the action of the Stores withholding the amount till the settlement of the claim was very unreasonable and that the Stores should be advised to remit the amount according to the orders of the Government. The Board now states that the executive committee of the Stores since passed a resolution refusing to pay the amount pending the issue of specific orders of

on its claim for its adjustment of Rs.67,683 and also of an analogus claim of Rs.102359-12-3 in respect of the transport charges incurred during the period from 1-10-48 to 10.3.49. The Board requests that the Government may direct the Stores to remit the amount due to Government without further delay and also suggests that the question whether and if so, what legal steps are necessary to recover the amount, may be considered. As the Stores are very particular that specific orders should be communicated with reference to its claims for the adjustment of Rs.67,683, we may inform the Stores directly that the Government have already considered its claim and see no reason to comply with its request. Fr orders.

As regards the legal steps to recover the amount from the Stores the following may perhaps be considered:-

(1) All procuring agents are licensees under Madras Foodgrains Control Order and shall comply with any direction issued to it by the Government or any officer in regard to the purchase, sale or storage, and if the licensees do not comply with such instructions, the license can be suspended or cancelled. In the present case we may issue a notice of threat to the Stores that in case the Stores do not comply with the direction of Government to credit the deposit amount, its licence will be cancelled. Legal Department have already held the view that the Co-operative Stores have no legal claim to the amount and that it belonged to the Government.

(2) Another course open is to requisition under the Madras Foodgrains Requisitioning Order that amount of stocks of foodgrains held by the Stores whose value is equivalent to the balance of the amount yet to be deposited by the Stores (viz. 146385-7-0). Legal may advise whether we may adopt any one of these courses. They may also suggest any other course that may possibly be taken for the recovery of the amount.

para 4 on p. 1 c.f. Necessary action will be taken on receipt of the Board's report. No action is called for on this for the present.

Para 5 on p. 5 c.f. The sum of Rs.4620-11-5 may be adjusted towards the sum of Rs. 146385-7-0 due from the Stores and the balance of Rs. 141764-11 recovered from the Stores may be accepted.

Finance may see for remarks. & Legal before circulation
re minute of HHY (Agri) on p. 7 ante

Action as suggested at 'A' on p.2 above may be taken straightaway.

The course suggested at 'B' on p.2 above may be tried, but that would not be an effective way of getting the dues out of the Stores. If the Stores says that it does not care if the licence is cancelled and refrains from paying the dues, then we should perhaps have lost the amount as well as a longstanding monopoly procurement agency which it ~~would perhaps~~ may be impossible to effectivel replace at short notice or even within a considerable time. It would seem better if other means are devised for realising the dues.

The suggestion at 'C' on p.2 above can be tried with a slight modification. The Madras Foodgrains Requisitioning Order does not enable requisitioning without payment. But it would seem to admit of payment of ~~only~~ a nominal rate (instead of market or ceiling rates) for foodgrains requisitioned under that order. Therefore, a quantity of foodgrain which would be valued at the amount due to Government after paying for it at say As.4/- a maund can be requisitioned.

It seems there may be no need to try any of the above two suggestions, as Legal have stated in no uncertain terms--at p.14 n.f. of (R)--that it is money belonging to the Govt. and the Stores have no legal clai to the amount. They may advise what provisions of the law may be invoked for realising the amount and whether the suggestions mentioned above may be initially tried.

I remember ~~since~~ orders were passed in regard to the claim by the co-operative Stores for 60,000 and odd rupees against a loss of 90,000 and odd which they had incurred over transporting foodgrains. If so, why was this order not communicated to the Collector, or the Co-operative Stores ?

I presume last year or year before last, the Co-operative Stores South Kanara declined to take up procurement on behalf of Government. It was after a great deal of persuasion by the Collector and I presume after we also promised to help the stores financially to the extent of 15 lakhs or so, that the co-operative stores South Kanara agreed to be our procuring agents for the district. Please verify this. ~~Presuming~~ Assuming that my presumptions are correct, I will not be surprised if the co-operative stores declined to have anything to do with procurement ~~of~~ foodgrains. Have we got any agency which can replace the co-operative stores in this sphere and is it possible for us to invest the necessary capital even assuming that we succeed in securing an efficient procuring agency for the district or that we decide on doing procurement on Government account? We should also remember that any procurement on Government account will mean the locking up of Government money in stocks apart from expenditure on additional staff ~~stocks~~ and storage arrangements necessary for keeping the stocks procured in our custody.

17/5 SW

Re-Submitted.

'E' above.

At 'S' on pp. 59-60 and 'T' on p. 65 s.f. of (R) specific orders of the Cabinet were requested whether the penalty amount of Rs.67,685 collected in 1944-45 might be credited to the Government instead of allotting it to the Stores to compensate the loss incurred by them on transport charges. Orders were also requested whether the ~~future~~ further penalty amount of Rs.1,78,702-7-9 collected during the subsequent years of 1945-46 and 1946-47 might be credited to the Government or whether it should be ~~xx~~ utilised for public purposes ~~to~~ like the construction of T.B. Sanatorium etc. The Cabinet ordered that one half of the total

amount collected viz., Rs.2,46,385-7-0 (Rs. 67,683 + Rs. [illegible] should be spent on T.B. Sanatorium and the rest credited to the Government. (Please see 'AA' on p. 67 c.f. of 'R' and 'BB' on p. 62 n.f. of 'R'.) Orders were accordingly communicated to the Collector of South Kanara in G.O.678 dated 30/7/49 at p.105 c.f. of (R) and for taking necessary action. When we ~~direct~~ order that the amount in question viz., Rs.67,683 should be collected from the stores and credited to the Government it ~~clearly means~~ follows that the Stores claim for setting off this amount to compensate the transport loss has been rejected. But as the Stores refuses to understand the orders in that light and deliberately withholds the payment of the amount for which it has no legal claim in spite of the ~~specific~~ warnings of the Board and the Collector, we may now tell the stores straightaway that its claim was considered already and rejected as suggested at 'A' on p. 2 ante. For orders.

'G' on p. 4 ante.

Secretary is presumably referring to the B.C.C. Stores which originally declined to take up procurement work and ultimately agreed after some persuasion and after promising to help the stores financially. On no occasion did the Stores decline to take up procurement. In December 1948 it was represented that for want of funds a crisis had arisen in the Stores procurement operations and hence a loan of Rs.55 lakhs was sanctioned to the Stores.

'H' on p. 4 ~~Ref.~~ ante

The difficulties mentioned by Secrtary are real ~~no doubt there~~. But it does not mean that taking advantage of its peculiar position, it could go to any length even defying the orders of the Government. Further in the A.S.'s note on p.5 ante, it has not been suggested that the licence should be cancelled. It has only been suggested that the stocks held by the Stores may be requisitioned to recover the amount in question. But the question of resorting to even this course will be considered only after enforcing the stores as at 'A' on p. 2 ante and ~~after~~ knowing its reactions regarding the payment of the amount. In the meantime we may consult the Legal Dept. as to the steps to be taken for ~~recovery of this amount.~~

Even this may have the effect of scaring away the stores from the work however, it should not be left to the stores to think that whatever it might do or not do, it can hope to be in the field always — holding a monopoly which even the Govt. cannot arrange to wrest from its hands.

w Recovery of this amount.

Y
22.5.50

The Stores may be informed as suggested at 'A' on p 2 above and we may wait and see what its reactions are; for about a fortnight.

Y P
31/5/50

After writing to the Stores the file may be sent to Legal for advice as to what steps may be employed to recover the large amounts which the Stores is holding on to

Y
31/5

30.5.50

S

Food and Agriculture Dept.

'A)

With reference to orders at 'P' above a draft memo is put up below.

Draft

Attention is invited to the letter from the Collector of South Kanara at 'K' on pp 4-5 c.f. and the Board's remarks in para 5 on p. 1 c.f. The Collector has suggested that the sum of Rs.4620-11-5 due to the Stores towards excess collection made against price surcharge may be ordered to be refunded to the Stores. The Board has however recommended that this amount may be adjusted towards the sum of Rs.1,46,385-7-0, due from the Stores representing the savings effected by short payments to the producers for late deliveries and the balance of Rs.1,41,764-11-7 recovered from the Stores.

'R' on p 1 para 5 on

As stated by the Collector, the transactions relating to the excess payment are entirely different and have no bearing on the amount due from the Stores as savings. It does not seem therefore desirable to adjust the amount of Rs.4620-11-5 against the amount due from the Stores viz., Rs.1,46,385-7-0 as suggested by the Board. We may ask the Collector, to refund the amount in question to the Stores separately and the stores directed to remit the balance due to the Government (savings from short payments) without any further

'R' on p

put up memo

W
9/6.50

delay.

subject to orders, a draft memo is submitted. Finance may see before issue.

Draft II

6/6/50

6.6.50.

8/7/50

10/6

Fin

A.U.O. 28160 A/50 — 10/6/50

n. (P.W.R.)

p.99c F of (R)

In G.O. 678 Food dated 30.7.49, the Govt. directed the South Kanara District Central Co-operative Wholesale Stores to refund to the Govt at once a total sum of Rs. 2,46,385-7-0 which was collected by the Stores on account of short payments to producers for belated deliveries of paddy and rice during the period from 1944 to 1947. In its reference on p.1c the Board has reported that the Stores have already paid Rs 1 lakh and the balance of Rs 1,46,385-7-0 is still due from them. As against this claim from the Govt., the Stores have put in the following counter claims

R, p.1 c F

para 2, p.1 c F — (1) Transport charges incurred during 1944-5 — Rs. 91,614-12-0

para 4, p.1 c F — (2) Transport charges incurred during 1948-9 — Rs 1,02,359-12-4

R, p.5 c F — (3) Excess collns. of price surcharge on stocks of rice and paddy held on 2.11.48 — Rs. 4,620-11-3

(1,98,595-3)

17463-7-8

p.1 above + para 1 of draft I

Food & Agri. propose not to reconsider the decision already taken to reject the claims referred to in item (1) above. Fin may agree

15/6/50

The claim referred to in item (2) above is dealt with in the Cuttack file. As regards item (3) above, the Collr. suggests that this amount may be ordered to be refunded to the Stores. The Board also recommends the refund but suggests that it may be adjusted towards the sum of Rs 1,46,385-7 due from the Stores and the balance of Rs 1,41,764-11-7 received for the Stores. Food propose that, as suggested by the Collr., the refund may be made without the adjustment against the dues from the Stores. It is submitted that the Stores have not adopted a reasonable attitude in complying with the orders of the Govt. in G.O. 678 Food dated 30.7.49. Fin may therefore suggest that the Board's recommendation referred to at K above may be accepted.

R, p.5 c F

para 5, p.1 c F

K

Paragraph ~~27~~ of the draft memo. (Draft I) may perhaps be added to as indicated in pencil in view of the fact that the Stores have already paid Rs 1 lakh.

+p.99 c F (R) Though the two transactions are different, the adjustment may be made. Alternatively, the payment to the Govt should be held over till the Stores make their payment of the latter amount is put through

15/6/50

15.6.50

14.6.50

14.6.50

15.6.50

Fin 42 793—A. PWR/50-1

15.6.50

39416

A*pp7-30c 6 31 c/s

URGENT

SECRETARY TO GOVERNMENT
16 JUN 1950
FOOD AND AGRICULTURE DEPARTMENT

ASSISTANT SECRETARY
16 JUN 1950
39331
FOOD AND AGRICULTURE DEPARTMENT

Secretary, Food and Agriculture.

Here is a letter from Sri M. Shiva Rao. I must have sent his note to you or H.M. (Food) in regard to the matter mentioned in this letter. Please let me know whether this matter has been considered and any decision taken. The Stores have been doing very good work and its claim deserves sympathetic consideration.

16/6/50

H.M. (Agri.)

NOTE FOR CIRCULATION.

'D' on p 99 c/f of (R)

'B' on p 1 c/f.

'N' on p 1 c/f

'C' on p 4 c/f of L.F. 35371 M/50

'G' on p 1 c/f.

In G.O. 678 Food dated 30/7/49, the Government directed the South Kanara District Central Co-operative Wholesale Stores to refund to the Government at once a total sum of Rs.2,46,385-7-0 which was collected by the Stores on account of short payments to producers for belated deliveries of paddy and rice during the period from 1944 to 1947. In its reference on p. 1 c.f. the Board has reported that the Stores have already paid Rs.1 lakh and that the balance of Rs.1,46,385-7-0 is still due from them. As against this claim from the Government, the Stores have put in the following counter claims:-

(1) Towards transport charges incurred during 1944-45	Rs. 67,683--0--0
(2) Towards transport charges incurred during 1948-9.	Rs.1,02,359-12-3
(3) Excess collection of price surcharge on stocks of rice and paddy held on 20-11-48.	s. 4,620-11-5
	s.1,74,663--7-8

The above claims are noted below:

Item (1) above - claim for transport charges incurred during 1944-45. (Rs.67,683-0-0.

In the year 1944-45 the South Kanara Central Co-operative stores realised a sum of Rs.67,683 by way of short payments to producers for deliveries of foodgrains made after due dates fixed by the Collr. The Stores represented that it incurred a loss of Rs.91,614-12-0 by way of transport charges and requested that the sum of Rs.67,683 referred to above might be made over to the Stores to meet the loss. The Government have, after careful consideration, rejected the claim after obtaining the orders of the Cabinet and ordered that the sum of Rs.67,683/- as well as the savings through similar short payments effected in the subsequent years amounting to Rs.2,43,385-7-0 in all which was kept in deposit with the stores should be taken over immediately and credited to the Government. ~~Attention is invited to the notes at 'S' on pp.59-60 c.f. of 'R' explaining the circumstances~~

~~under which the stores' claim was rejected.~~ Out of the sum of Rs.2,46,385-7-0 the Stores have already paid one lakh and a balance of Rs.1,46,385-7-0 (Rs.67,683 + Rs.78,702-7-0) is still due from them . In its letter dated 21/9/49 the stores represented that no specific orders were issued by the Government in G.O.678 Food dated 30/7/49 with reference to its claim for the adjustment of Rs.67,683/- against the loss incurred by it towards transport charges and refused to pay the balance amount of Rs.1,46,385-7-0 pending the issue of specific orders on this claim. The Board informed the Collector that the action of the Stores withholding the amount till the settlement of the claim was very unreasonable and that the Stores should be advised to remit the amount accordin to the orders of the Government. The Board now states that the executive committee of the Stores since passed a resolution refusing to pay the amount, pending the issue of specific orders of Government and its claim for its adjustment of Rs.67,683 and also of an analogus claim of Rs.102359-12-3 in respect of the transport charges incurred during the period from 1-10-48 to 10-3-49. The Board requests that the Government may direct the Stores to remit the amount due to Government without further delay and also suggests that the question, whether, and if so, what legal steps are necessary to ~~xxxxx~~ recover the amount, may be considered. ~~As the Stores are~~

At 'S' on pp.59-60 and 'T' on p.65 c.f. of 'R' specific orders of the Cabinet were requested whether the penalty amount of Rs.67,683 collected in 1944-45 might be credited to the Government instead of allotting it to the Stores to compensate the loss incurred by them on transport charges. Orders were also requested whether the further penalty amount of Rs.1,78,702-7-0 collected during the subsequent years of 1945-46 and 1946-47 might be credited to the Government or whether it should be utilised for public purposes like the construction of T.B.Sanatorium etc. The

Cabinet ordered that one half of the total amount collected viz., Rs.2,46,385-7-0 (Rs.67,683 + Rs.1,78,702-7-0) should be spent on T.B.Sanatorum and the rest credited to the Government. (Please see 'AA' on p.67 c.f. of 'R' and 'BB' on p.62 n.f. of 'R'). Orders were accordingly communicated to the Collector of South Kanara in G.O.678 dated 30/7/49 at p.106 c.f. of 'R' for taking necessary action. When we ordered that the amount in question viz., Rs.67,683 should be collected from the stores and credited to the Government, it follows that the Stores claim for setting off this amount to compensate the transport loss has been rejected.

As the stores refuses to understand the orders in that light and deliberately withholds the payment of the amount for which it has no legal claim in spite of the warnings of the Board and the Collector, this Department propose to inform the Stores in direct language straightaway that the Government have already considered its claim and see no reason to comply with its request. Finance Department have agreed to this.

As regards the legal steps to recover the amount from the Stores, in case the Stores still refuses to pay the balance amount after informing it as at 'A' above, it is proposed to examine the question separate in consultation with the Legal.

Item (2):- Claim for transport charges incurred during 1948-49 - (Rs.102,359-12-3)

The S.K.C.C.W.Stores has made a claim for Rs.1,02,359-12-3 which represents the loss in transport charges during the period from 1-10-48 to 10-3-49. This claim has been examined at pp.1-2 of the notes in l.f. below and it is proposed to reimburse the loss to the Stores by permitting the Stores to raise the wholesale issue price by a small amount in respect of stocks to be issued in future, until the entire loss is recovered. Finance have agreed to this proposal.

(3) Item (3) above - Claim for Rs.4620-11-5 being the excess payment

The Collector has reported that a sum of Rs.4620-11-5 due to the Stores towards excess collection made against price surcharge may be ordered to be refunded to the Stores. The Board has recommended that this amount may be adjusted towards the sum of Rs.1,46,385-7-0 due from the Stores representing the savings effected by short payments to the producers for late deliveries and the balance of Rs.1,41,764-11-7 recovered from the Stores. As the transaction relating to the excess payment are entirely different and have no bearing on the amount due from the Stores as savings, this Department considers it not desirable to mix up these two different matters and adjust the amount of Rs.4620-11-5 against the amount due from the Stores viz., Rs.1,46,385-7-0. This Department therefore, suggested that the Collector may be asked to refund the amount in question to the stores separately and the Stores directed to remit the balance due to the Government as savings from short payments without any further delay. But Finance Department are of the view that though the two transactions are different, the adjustment may be made. They have however suggested that the payment by the Government should be held over till the Stores make their payment. It is proposed to accept this suggestion.

The file may be circulated to H.M.(Food) and H.M.(Agri) for approval of the proposals at ~~'A' on p. 13 ante~~ ~~and 'C' above.~~ 'A' and 'B' on p. 13 ante and 'C' above.

24/6/50

Y 24/6

LD 26/6/50

The bulk of the loss incurred by the ..... Stores referred to at 'B' above will be made good by the proposal in the linked file, which would permit the Stores to raise the consumers' price to the extent necessary in regard to future sales. The Stores should have, I think, no serious grievance now. A, B & C may therefore be approved.

P.T.O

mas 28/6/50

R 30/6

HM. (Food) 30/6

HM (Agri) 30.6.50

To A.S. — Food & Agri A

Pl. See the orders in Or at the bottom of p 14 ante.

W.r.t. orders at 'A' on p 13 ante, the draft I may now issue.

12/7/50

W.r.t. orders at 'B' on p 13 ante a draft order is put up in the L.F.

3537/19/50) ✓

In view of the orders at 'C' on p 14 ante, the draft II need not issue.

After issue of the Memo, the file may be sent to Legal Dept. w.r.t. 'D' on p 6 ante.

8/7/50.

14/7/50

16/7/50

Re-submitted.

W.r.t. orders at X above, draft Memo to the Coll. of Socts Han is put up for approval

13/7/50

13/7/50

S/Legal I.

Issued as Memo 28160A/50-2 29/7/50

Where is the draft authorising the Stores to increase the selling price? If this is not issued simultaneously, I am afraid we will be creating an unhealthy atmosphere in Sikkim.

14/7/50

X

C/DS

ASSISTANT SECRETARY 12847 1 AUG 1950 LEGAL DEPARTMENT

Resubmitted,

W.r.t. Secy's query at X above, kind attention is invited to the draft memo put up in the LF.

14/7/50

18/7/50.

S

But draft III does not convey the idea at C on p. 14 NF. Draft III Pl. bring

18/7/50.

Ft A.G.O. 28160A/50-4 31/7/50.

Q on p 6 ante

LEGAL DEPARTMENT.

As there does not appear to be any dispute about the amount now held by the Stores andwhich is due to be paid back to the Government, the provisions of sec.52 of the Madras Revenue Recovery Act, 1864 can be invoked and the amount may be recovered without recourse to a Civil suit.

11/8/50

FOOD & AGRICULTURE(A).

5[illegible]

To A.S.

A3

The notes on pp. 11-13 ante may be perused.

Based on the orders at 'A' on p. 13 ante, the President, S.K.C.C.W.Stores Ltd., was informed that the Govt. have already considered the stores' claim for the adjustment of Rs.67,683/- earned on behalf of the Govt. by short payments made in respect of foodgrains delivered by producers after due dates during the year 1944-45 towards the loss of Rs 91641-12-0 incurred by the Stores on account of transport charges during that year. The President was also requested to remit to the Govt. the balance of Rs.146,385-7-0 due to Govt. without any further delay.

2 With reference to the above orders, the President, S.K.C.C.W. Stores Ltd., in his letter on pp. 37-41 c.f. has stated that the Stores' claim of Rs.91,641-12-0 was not at all considered, that the original claim in respect of the loss of Rs.91,641-12-0 by way of transport charges, is still undisposed of and that the stores cannot but press for an order on the claim which is just and legal. It will be seen from the above that the attitude of the Stores is very unreasonable.

3 As regards the steps that might be taken to recover the large amount due to the Govt. which the stores is holding on, Legal Dept. have suggested that as there does not appear to be any dispute about the amount now held by the Stores and

which is due to be paid back to the Govt., the provisions of Section 52 of the Madras Revenue Recovery Act, 1864 can be invoked and the amount may be recovered without recourse to a Civil Suit. It may be stated that arrears of land revenue are recovered by attaching and bringing to sale the movable and immovable property of the defaulter. In this case, the defaulter is the S.K.C.C.W.Stores which is a public institution which carries on its transactions from the shares and deposits made by the share-holders and from the loans provided by the District Central Banks, the M.P.C. Bank and sometimes from the Govt. through these Cooperative Banks. If at all the Stores ~~are~~ keeping any movable property, it will be the stocks of foodgrains procured by them and cash on hand which the Stores might have ~~xxxx~~ borrowed from the Dt. Central Bank. Further, it is doubtful whether the Stores are having any immovable property. In the circumstances stated, it is for consideration whether the views of Legal may be accepted.

Devt., Finance and Legal may see for remarks.

22/8/50 B/ 22/8/50 B/ 21/8/50

To A.S.

Query of A.S. at 'B' above.

The President, S.K.C.C.W. Stores, claimed Rs. 67,683/0/0 held by them by way of short payments to re-imburse the Stores or the loss of Rs. 91641--12--0 incurred by way of transport harges. (vide 'S' on p. 7 c.f. of (R)). Attention is in this onnection invited to the notes on pp. 7-13 n.f. of (R). It will e seen from the above that the request of the Stores that the ovt. should meet the loss of Rs. 91641-1200 incurred by them owards transport charges is not reasonable as the Stores had ade a handsome profit on the whole transaction. Please see also 'J' on p. 4 ante 'K' on p.5 a... ... the Memo. on p. 33 c.f. Based on the orders at 'K' on p. 5 ante, the President, S.K.C.C.W. Stores Ltd. was informed that the ~~Government~~

Government have already considered and rejected the Stores' claim for the adjustment of Rs. 67683/ earned on behalf of the Government by the short payments made in respect of foodgrains delivered by producers after due dates during the year 1944-45 towards the loss of Rs. 91641--12--0 incurred by the Stores on account of transport charges during that year. In the circumstances stated above it is for orders whether this question need be reopened.

We may tell the Stores now, that the Govt. have rejected their request for making the re-adjustment of Rs 91641-12-0 from the round at their credit due to short payment for late delivery

294
30/8/50

30/8/50

31/8/50

S/ Sec. to Govt

31/8/50

1/9/50

FOAS

The F & A. Deptt notes ~~on p1 above~~ from p16 above may be perused. ~~This Deptt. may agree with the views of F & A. on 'A' above and the file be passed on to Finance and Legal~~. The file has apparently been sent to this Deptt. for remarks regarding the steps to be taken for recovering the amount due to Govt. by the South Kanara Central Co-op. Wholesale Stores. This Deptt. may suggest that the R.C.S. may be apprised of the whole position and he may be asked to pursuade the Stores to pay the amount. The question of recovering the amount as suggested at 'A' on page 17 above may be considered in pursuance of the Regd. letter addressed by R.C.S. Coorg. with these remarks the file may be returned to F.O.A.

F.A. u.o. 28160 A/50-5
2-4-50

FIFTH ASSISTANT SECRETARY TO GOVERNMENT
89849
6 SEP 1950
MADRAS

5.9.50

B

9.9.50

9/9/50

Food and Agr.

Dev. uo. 89849 BII/50-1
8.9.'50

ASSISTANT SECRETARY
60121
12 SEP 1950
FOOD AND AGRICULTURE DEPARTMENT

To A.S.

The notes of Devt. Deptt. on p. 18 above may be perused.

With reference to 'B.' on p. 18 above, a copy of the Memo. on p. 33 c.f. was communicated to the R.C.S. and the R.C.S. did ~~not~~ suggest to the Stores to treat its request for reimbursement or loss of Rs.91,641-12-0 (as having been rejected). But the Stores is not inclined to remit the amount to Govt. and has requested the Registrar to take up the matter with the Govt. It is also reported to have ~~submitted~~ stated its ~~member~~ intention to place before the General Body of the whole matter with the Registrar's suggestion to treat its claim as ~~long~~ having been rejected. In view of the above, it does not appear necessary to issue any reference to the R.C.S. as suggested by Devt. at B. on p. 18 above. It may be stated in this connection that the Stores have claimed ~~for~~ enhancement of margin now allowed and pending the sanction of the request, it has stopped procurement in the district The Board has recommended for taking of the procurement work by the Govt. and the question whether the Board's recommendation should be accepted or the stores allowed to continue the procureme work ~~may~~ by sanctioning the enhanced allowance asked for ~~them~~ is under consideration. In case it is finally decided to take ob the procurement work from the Stores we may ~~be~~ straightway ask the Collector to take action under the ~~R.R.~~ Revenue Recovery Act. But if we ultimately accept its claim for enhancement of margin and allow th stores to continue, it does not seem advisable to resort to the ~~extreme~~ extreme steps of recovering the dues under the R.R.Act, as it creates an unhealthy atmosphere. We may ask the R.C.S. to try once more to ~~prevent with~~ prevail on the stores to pay the amount. For orders. This may, therefore, lie over till orders are passed in ~~the with~~ continuance or otherwise by the Stores in the procurement field.

25/9/50 25-9-50

S + V on p 43 c/f

A on p 43 c/f

V on p 43 c/f

125 53 A/50

file re:

But we must inform the Stores in clear words as to what they need be under no misunderstanding on this point. Consultation with Res is also wrong on the limit. Our opinion

26/9/50

To A.S.

W.r.t. orders of A.S. at 'E' on p.m. ante, a draft memo is put up for approval.

Attention is also invited to the Collr's Report on p.47 cf and the BOL's Remarks on p.45 cf.

3/10/50 The question of taking action under the Revenue Recovery Act as suggested at 'A' in p. 13 ante may be considered after receipt of the Collr's report proposed to be called for in para 2 of the draft put up below.

Yes may X 7/10/50

Dev & Fin. may see before issue.

3.X.50.

Dev 6/10/50 Fin

102212

Dev Bn

To AS

(Last seen by Fin Deptt on p 18 ante).

Further notes of F&A. on pp 19-20 ante and the draft memo below may be perused, and the file passed on to Finance.

16.X.50 DS 17/10/50

CPG 26.10.50

Fin

7/10/50

FOURTH ASSISTANT SECRETARY TO GOVERNMENT 9 OCT 1950 DEVELOPMENT DEPARTMENT

Fin. U.O. No. 102212 Bn/50

27.X.50.

Fin. (P.W.R.)

[Fin. last saw on p. 7 above]

The notes from the bottom of p. 17 above may be perused. In spite of the specific orders issued in the Memo on p. 33 c.f., the Board has reported that the South Kanara Central Co-operative Wholesale Stores have refused to remit the remaining sum of Rs 1,46,385-7-0 due by them to the Govt.

The draft Memo. below may be perused and the case returned to Food & Agri.

1.11.50 Food

m 31/10/50

ADDITIONAL DEPUTY SECRETARY 89651 28 OCT 1950 FINANCE DEPARTMENT

Fin. U.O. 89651/P.W.R./50

1.11.50

ASSISTANT SECRETARY 2 NOV 1950 FOOD AND AGRICULTURE DEPARTMENT

72255

To A.S. Food & Agri A

Previous notes of this Dept. on p.20 above and the further notes of Devt. and Finance Dept.s on p.20 above may be perused

The draft Memo. may now issue

4/11/50

5-11-50

6/11/50

To A.S.

'D' on p 99 c/f of (R)

In G.O.678 Food dated 30-7-1949 the Government directed the South Kanara District Central Cooperative Wholesale Stores to refund to Govt. the total sum of Rs.2,46,385-7-0 which was collected by the Stores on account of short payment to producers for belated deliveries of paddy and rice during the period 1944-47. Out of this the Stores paid Rs.1 lakh and a balance of Rs.1,46,385-7-0 was still due from them. Against this claim the Stores put in the following counter claims.

'B' on p 1 c/f

	Rs. a. p.
(1) Towards Transport charges incurred during 1948-49.	1,02,359-12--3
(2) Excess collection of price surcharge made from the stores on stocks of rice and paddy held on 20-11-~~50~~ 48	4,620-11--5
(3) Loss towards transport charges incurred during 1944-45.	91,641-12--0

para 4 on p 1 c/f

'C' on p 1 c/f

'N' on p 1 c/f

Item 1 above:- The Government examined the claim for Rs.102,359-12-0 and issued orders to recoup the loss by permitting the Stores to raise the wholesale issue price by a small amount in respect of stocks to be issued in future, until the entire loss is recovered. The stores are accordingly recouping the loss.

Not final in p

Item 2 above:- The Government examined this claim and informed the Collector of South Kanara that the sum of Rs.4620-11-5 due to the Stores towards the excess collection made from them against price surcharge in respect of stocks

p 35 c/f

of rice and paddy held by the Stores at the close of 20-11-48 should not be refunded to the Stores until the Stores remit to Government the sum of Rs.146,385-7-0 due to them.

Item 3 above:- The Government considered and rejected the claim of the Stores for meeting the loss of Rs.91,641-12-0 incurred by them in the movement of foodgrains in 1944. The President was directed to remit the balance of Rs.146,385-7-0 to Government without further delay. (Please see notes at Z. on pp. 11-13 above and the Memo. on p. 51 c.f.) In reply to Govt. Memo. on p. 51 c.f. please see the reply of the President of the Stores on pp. 53-57 c.f. and the Board's remarks on p.59-60 c.f. The President has questioned the validity of the Govt. Order in rejecting the claim of the Stores for Rs.91,641-12-0 incurred on the movement of foodgrains in 1944-45. Out of the balance of Rs.146,385-7-0 due from the Stores, the Stores remitted on 6-9-1950 Rs.54,743-11-0 and are still retaining Rs.91,641-12-0 due to Government. They have threatened the Govt. that they will terminate their procuring agency with effect from 1--1--1951 if the claim of Rs.91,641-12-0 the other claims referred to on p. 57 c.f. and the request for an additional margin of 3 pies per maund are not favourably considered and redress granted. The President and the Co-Director wants an interview with H.M.(Food) to discuss this question. The Board of Revenue(C.S) has stated that it is not unlikely that we get constant threats like this as the Stores must be finding the present the margin too low and the only remedy is to arrange for procurement through Govt. agency. It has suggested that the Scheme of monopoly procurement as now proposed for Krishna and East Godavari Districts may be extended to South Kanara also. It has also submitted that the Collector of South Kanara has already made preliminary investigation for introducing Govt. purchasing agency in the Karkal taluk and has promised to send necessary proposals in a week. The Board requests very urgent orders. In these circumstances the following points arise for consideration:--

(i) Whether it is not possible the possibility of replacing the Stores by a suitable private agency.

(2) Whether it is necessary and feasible to introduce the scheme of monopoly procurement on Govt. account in South Kanara as proposed by the Board; and .

(3) whether the Stores itself cannot be continued by arriving at a compromise in respect of the claims made by the Stores.

Item 1 above:- For the reasons stated at K. on p. 33 c.f. of L.F.I. the Board of Revenue(C.S) has reported that the Collector of Malabar is not in a position to recommend any of the old merchants from Malabar for appointment as procuring agents and wholesalers. It has also reported that there are no merchants in South Kanara District itself who are willing to take up the work as the margin of profit now allowed is inadequate. Hence the possibility of finding private agencies as ~~wholesalers~~ substitutes will have to be ruled out.

Item 2 above:- The Government have tentatively decided to introduce monopoly procurement Scheme on Govt. account in Krishna and ~~e~~ast Godavari Districts and another scheme of purchase of surplus stocks partly from the procuring agents and partly from the producers direct during ~~this~~ the peak period in the remaining surplus districts. The Govt. of India have been addressed for their approval. The cost of these schemes works out to Rs. 10 crores and it ~~was~~ is proposed to approach the Reserve Bank of India for necessary financial accommodation. This is already a ~~by~~ big commitment to the Government and it is impossible to think of entering into further commitments by extending the monopoly scheme to South Kanara District also in view of the present ways and means position of Govt. This proposal will therefore have to be dropped. Apart from this we are now having under consideration a proposal to give up rural rationing from 1951. Under this scheme South Kanara which is a slightly surplus district will be left to itself to manage its requirements from the local production. The present Intensive Scheme will be given up and procurement will be by levy on trade ~~and~~ in order to meet the requirements of urban areas. In view of this proposal no change as suggested by the Board seems called f ~~during the period~~ for in present .

Item (3) above:- The only alternative now left is to continue the Stores by arriving at an amicable settlement as far as possible in regard to the claims made by it. These claims have been examined in another file (sent to Rev & Fin) and it was considered that there was no case for granting any of the requests. A statement containing extracts from the above file of the claims and the notes setting out the reasons for turning down the requests is put up at (8). It may be pointed out in this connection that it is observed from the audit report of the Stores that it had earned net profit in each of the years from 1943-44 to 1948-49 (vide 'A' on p. 22, 'B' on p. 44, 'C' on p. 66, 'D' on p. 88, 'E' on p. 110 and 'F' on p. 132 of P. in L.F.). In the circumstances the statement of the Stores and the Collector that the Stores had not been able to earn any profit consequent to low margin since the introduction of procurement scheme, is not understood. In view of this, there seems to be really no need to reconsider any of the above claims. However, the Stores are willing to come to a compromise in this regard and have suggested that an interview may be granted to them by H.M.(Food) to discuss these items before taking the extreme step of giving up of procurement. They have suggested that 2nd or 7th December would be suitable. We may accept the request for interview and a suitable date fixed for the purpose. The case may be circulated to H.M.(Food) for fixing the date and time. The R.C.S. and the C.C.S. may also be asked to be present at the meeting. For orders.

A
was this on paddy + rice alone or did they lose on other commodities also. — Yes
'B' on p 3

'F' on p 3.3

this a decision may be expected by the receipt of the quotas of December of rice also.

2.12.

3/12/50

S

Dr Scale
Comm

This may be done. Some date after 17-12-50 may be fixed for the interview. In the meantime the point raised at "A" above may also be examined. RCS & CCS may also be asked to be present at the interview

Secretary (12 noon) is suitable

4/12/50

H.M. (Food)

SECRETARY TO GOVERNMENT
6 DEC 1950
FOOD AND AGRICULTURE DEPARTMENT

To A.S.

Pl. see the orders in On at C. on p 24 above

There A draft o.M. is put up for approva
to note on the point Draft D.O.S to the R.C.S. and C.C.S. a
raised by Secy at A' also put up for approval
on p 24 above.

note has been added in the L.F below.

9.12.50 10/12/50 12.12.50

Issued as Memo 28160-A/50-E dt 12-12-50
" D.O. 28160-A/50-S dt 12-12-50
" " D.O. 28160-A/50-10 dt 12-12-50.

To A.S.

The notes from X. on p. 21 above may be perused. The information called for from the R.C.S. with reference to 'A' on p. 24 above has not yet been received. He has been reminded separately.

The Collector of South Kanara in another connection reported that the profits referred to at A on p. 24 ante were made not only on foodgrains transactions but also on the general trade and that separate figures of profit are not available in regard to foodgrain transactions.

The file may be circulated to H.M.(Food) for his use during the discussion with the President, S.K.C.C.W.Stores on 21-12-1950.

14/12/50

15/12/50 19.12.50

The deputationists did not turn-u

The file is returned to office. Secretary note further.

To A.S.

Please see the orders of H.M.(Food) at the bottom of p. 25 ante. No report has so far been received from the stores explaining why the engagement could not be kept up. It does not seem necessary or desirable to ask the stores about this. The points to be considered further in this file are

(i) ~~xxxxxx~~ what steps should be taken to recover the balance ~~due~~ of Rs.91641-12-0 still due from the Stores which ~~appears~~ represents the short payments made to producers for belated deliveries of paddy and rice and

(ii) Whether any and, if so, what action should be taken to meet the threat of the stores that they will terminate their procuring agency with effect from 1-1-51 if the claim of the Stores ~~of~~ for Rs.91,641-12-0 towards the loss in transport charges, the other claims referred to on p. 57 c.f. and the request for an additional margin of 3 pies per maund are not favourably considered and redress granted.

Item (ii) above- The Govt. have now decided to give up rural rationing in deficit districts including South Kanara District. Under this scheme there will be no intensive procurement in South Kanara District and the procuring agency of the S.K.C.C.W. Stores will automatically be cancelled. There will be a levy procurement on the trade just to meet the requirements of the urban areas and the stores will act only as a licensed dealer under the Madras Foodgrains Control Order, 1947. In the circumstances, it does not seem necessary to consider seriously the threat of the stores (viz.) that they will terminate their procuring agency with effect from 1-1-1951. In fact we have asked the Bd. to consider the q/n of stopping intensive procurement in this dt. immediately in view of the new policy.

Item (i) above:- Out of the sum of Rs.2,46,385-7-0 due to Govt. (as per G.O. 678 Food dated 30-7-49) the S.K.C.C.W.Stores repaid Rs.1,54,743-11-0 and a balance of Rs.91,641-12-0 is still due from them. As against this claim, a sum of Rs.4620-11-5 is due to the stores from Govt. which the Govt. have already decided to repay. Thus a net amount of Rs.87,021-0-7 is due from the stores. This sum may be recovered from the stores by requisitioning their stocks at the time of withdrawing the intensive procurement scheme as already suggested at 'A' on p. 17 ante. ~~It is submitted that the Board has been asked to send proposals for withdrawing the intensive procurement scheme~~ in South Kanara District. ~~Action with reference to 'S' above may be taken after the receipt of the Board's report.~~ Orders have since been issued to withdraw intensive procurement in Tirunelveli. We may now instruct the Coll. to take action as suggested at 'S' above. For orders.

P.T.O

Development and Finance may see for remarks if any.

URGENT

26/12/50

26.12.50

27/12/50 S / Dev / Fin

R/ Has the Stores' claim been considered with what result? PA-Secy

27/12/50

Re-submitted.

Secretary's query at 'R' above.

1. The claims of the stores (at p. 574) have been examined at pp. 1-3 and pp. 11-17 c.f. the sectional notes in the L.F. It is proposed to turn down all the claims ~~except items III, IV and V on pp. 5-9 c.f. of the sectional notes in L.F.~~ Regarding the increase of the wholesaler's margin from 0-10-3 to 0-10-6 per mura of rice it is being dealt with in a separate file and the Board's report is awaited.

D78 A/48

Attention is invited to the letter from the President of the S.K.C.C.W.Stores on pp. 71-72 c.f. and the Registrar's D.O. letter on p. 73 c.f. The President of the Stores has stated that he has not received the communication in which he was asked to interview H.M.(Food) on 21-12-50. He has requested that a fresh date may be fixed in the first week of January 1951, as he is to attend a Cooperative Meeting on 7th January at Madras. It is submitted that the communication fixing the date of interview was despatched on 12-12-50(vide despatch entry at 'Q' on p. 65 c.f.). The R.C.S. also requests that another date may be fixed to discuss the question with H.M.(Food) and that the communication may be sent to him for transmission to the stores.

In the circumstances it is for consideration whether a fresh date may be fixed for the interview.

The point raised by the Secretary at 'Z.' on p. 26 ante may be ~~examined after watching the result of the interview~~ dealt with separately.

P.T.O.

The file may be circulated to H.M.(Food) for fixing a suitable date and time. The President of the Board requests that 5, 6th or 8th Jan 51 may be fixed as the date for the interview

29/12/50 29.12.50

29/12/50

I am not sure if it is necessary to consider this question under the present altered conditions. It has been decided at an informal meeting of the Hon'ble Ministers, that South Kanara should be treated as a self-sufficient district, and that rationing in the district should be restricted to Municipal towns and industrial centres. I find that in regard to stocks, South Kanara is just now in a very comfortable position, with 11,700 tons of rice. The issues of rice in the statutorily rationed area during the week ending 16-12-50 amounted to only 204 tons. Rounding it off to 210 tons, the present stocks may be expected to last for about a year, on the basis of the offtake for the week ending 16-12-50. Even assuming that it becomes necessary to open a few p fair price shops here and there, in the course of the year, it should be possible for the Collector to do a little procurement here and there from the bigger ryots even without the intervention of the wholesale co-operative stores. I am therefore inclined to think that the question of increasing the incidentals in favour of the co-operative stores for purposes of procurement, has lost its significance for the year 1951. The Board may therefore be consulted on this question before proceeding further.

30/12/50

A.S.

W.r.t. orders above, a draft O.M. is put up below for approval.

3/1/51 3.1.51

3/1/51

3/1/51

3/1/51

Issued as 28-160 A/50-11 dt 4.1.51

pp 75-76 Cf

To A.S.

✓ pp 75-76 Cf — The BR of Rev (CS) has been asked to offer its remarks on the Suggestion of Secy at E: on p 28 ante. The question of granting interview to the Pdt. Central Coop Wholesale Stores & HS will be decided after the receipt of the BR's remarks. But the

✗ p 77 Cf — Pdt has sent in a telegram requesting to fix interview with H.M. (Food) either on 8th or 20th. For orders whether An interim Reply may be given to the Pdt.

A draft Telegram is put up for approval.

RP
5/1/51

5-1-51 — This deputation is already in madras. H.M. (Food) is making the deputationists at 12 noon tomorrow

MAS
5/1/51

Mr. Shiva Rao representing the Wholesale Co-operative Stores, South Kanara, waited on a deputation on H.M.Food to day and explained the point of view of the Co-operative Stores in regard to the following claims made by the Stores against Government, and which are awaiting disposal by Government. Mr. Hejmadi, Commissioner of Civil Supplies, and Mr. Ghulam Muhmood, Secretary to the Commissioner of Civil Supplies were also present.

1. Rs.91,641-12-0 - Loss in Transport charges on internal movement of foodgrains in 1944-45.

Mr. Shiva Rao explained that the scheme of procurement and distribution by Government was then in its initial stages, that the Collector had tentatively fixed certain transport charges, and that the excess amount incurred actually for meeting the transport charges should be made good to the co-operative Stores, which should not be penalised for having undertaken this work on behalf

p.t.o.

of Government. He also pointed out, that similar transport charges arising in subsequent years have been allowed by Govt., and that there was no reason why the charges incurred in 1944-45 should be treated in a different way. He also pointed out, that the small profit which the society made in 1944-45 in respect of the other activities of the co-operative stores should not be allowed to stand in the way of the loss being re-imbursed to the co-operative stores. He desired that the Stores should be permitted to adjust this amount out of the penalties collected and retained in their custody. As a last resort, he said that in his representing capacity he would not object to the amount being passed on to the consumers by a suitable price increase, though in his capacity as a citizen he would not suggest such a course. H.M. Food promised to examine the matter.

2. Rs.25,793-0-0 representing interest on the cost of wheat exported to Agra: Mr. Shiva Rao explained that it was open to the co-operative society to refuse to part with the stock of wheat in the absence of immediate cash payment, when he was required by the Collector of South Kanara to despatch the stocks, but he did not adopt that attitude, as he expected prompt payment and fair treatment. His main point was, that the amount covered by the wheat exported was over 4 lakhs of rupees, which the Stores had borrowed from elsewhere on payment of interest and that it would be therefore unfair if the Stores were denied interest for the period of delay in payment, which was inordinate. Mr. Shiva Rao also said, that if Government thought it necessary, he had no objection to the interest being calculated in respect of moneys held by the Co-operative Stores. Govt.

3.(a), 3 (b), and 4, relating to re-imbursement of sales tax on transport and bonus sur-charge: In these instances it appears sales tax has been collected by the Commercial Tax Department on transport charges and bonus sur charge, on the ground, that these should be treated as part of the price. Mr. Shiva Rao pointed out, that the Stores did not collect sales tax from the retailers or the general public, as no such direction was issued by the Collector but that the Commercial Tax Department had recovered the taxes due under these items from the Stores. In as much as these are payable by the consumer, his point was, that the loss should be re-imbursed to the co-operative stores either by adjustment from Govt.

p.t.o.

monies with them, or by an appropriate increase on the consumers' price. This seems reasonable.

Item 5. Rs.21883-0-0 relating to levy of license fee: Mr. Shiva Rao explained, that the so called agent employed for this purpose was not an independent unit, ~~that it was~~ but only a clerk or Manager under the co-operative stores and subject to their disciplinary action, and that it was therefore wrong to have treated ~~them~~ him as an agent and collected license fee. This is however a matter for Revenue to consider.

6. Rs.2,489-9-2 - Subsidy and interests on stocks of sooji wheat flour etc:- Mr. Shiva Rao said that this amount was due but did not really press this request.

(7) The last item related to increase in the margin to the wholesaler from Rs.0-10-3 to 0-10-6, in view of the reasons explained already in his letter. C.C.S. said that the Board was also recommending this slight increase of 3 pies. H.M.agreed to give this increase, which will be included in the retail selling price.

may
6/1/51

6/1/51

To A.S.

Pl. see the notes of Secy from p29 above.

Item 2 on p30 above relates to 'D' section and item 7 above related to A2. They are having separate files on these questions. Relevant extracts of notes of Secy may be given to them for action.

Revenue Dept. are concerned with item 5 above. Extracts may be sent to them for

P.T.O

consideration.

After giving extracts, a note will be put up on the other items.

Extracts given
Read - AV
10/1/51

Extract sent to Revenue Dept # M.O. 28160 A/50-11 10/1/51

Extract given G D 10/1/51

8/1/51 8-1-51 8/1/51

To A.S.

In Govt. Memo.No.28160-A/50-11 dated 4-1-51, the Board of Revenue(C.S) was informed that in view of the discontinuance of the Intensive Procurement Scheme in the South Kanara District and in view of the adequate stock now on hand in the district, the question of increasing the incidentals in favour of the S.K. C.C.W-Stores for the purpose of procurement and of arriving at a compromise with regard to other claims made by the Stores, had lost its significance for the year 1951. The Board was asked to offer its remarks on the above suggestions. For the reasons stated at K. on p. 83 c.f. the Board has reported that the agency of the Stores cannot be dispensed with altogether immediately and may have to be continued even if a levy scheme is introduced in the District. The Board has therefore recommended that the additional margin of Rs.0-0-3 per mura of rice claimed by the Stores may be allowed and it is separately under consideration.

As regards the other claims made by the Stores, the President, S.K.C.C.W.Stores waited on a deputation on H.M.(Food) on 6-1-1951 and explained the point of view of the Cooperative Stores which is at pp. 29-31 above and they are noted below.

Item (1) at H. on p. 29-30 above. Rs.91641-12-0 loss in transport charges on internal movement of foodgrains in 1944-45.

This question was previously examined in the notes at pp. 6-14 n.f. of (R). At S on p. 59-60 and T. on p. 65 c.f. of (R) specific orders of the Cabinet were requested whether the penalty amount of Rs.67683 collected in 1944-45 might be credited to Government instead of allotting it to the Stores to compensate the loss incurred by them on transport charges. Orders were also requested whether the further penalty amount of Rs.1,78,702-7-0

collected during the subsequent years of 1945-46 and 1946-47 might be credited to the Govt. or whether it should be utilised for public purpose like the construction of T.B.Sanatorium etc. The Cabinet ordered that one half of the total amount collected viz., 246,385-7-0 (Rs.67683 + 1,78,702-7-0) should be spent on T.B.Sanatorium and the rest credited to Govt. (Please see AA on p. 67 c.f. of (R) and 'BB' on p. 62 n.f. of (R)). In view of these it may not be possible to adjust this amount of Rs.91,641-12-0 (incurred by the Stores towards transport charges in 1944-45) out of the penalties collected and retained in their custody as desired by the President. The President has pointed out that similar transport charges arising in subsequent years have been allowed by the Government and there is no reason why the losses incurred in 1944-45 should be treated in a different way. Presumably the President is referring to the loss of Rs.102,359-12-3 incurred by the Stores towards transport charges in 1948-49. The Govt. reimbursed this loss to the Stores by permitting the stores to raise the wholesale issue price by a small amount in respect of stocks to be issued in future until the loss is recovered. As a last resort, the President requested that the loss or Rs.91,641-12-0 may be reimbursed to the stores by a suitable price increase. This Dept. may perhaps agree to this view. Devt. and Finance may be see for remarks.

Items 3(a) 3(b) and (4) relating to re-imbursement of sales tax on transport charges and bonus surcharge:-

In these circumstances stated by the President, at 'J' on 30-31 ante, it is for orders whether the Board may be consulted on this.

Item 6 on p. 31 ante. No action is called for in view of the president's remarks.

Regarding items (2) and (7) extracts have been given to D.section and A2 As regards item (5) on p. 31 ante relevant extracts have been sent to Revenue Dept. for consideration.

Dev. Dept

Note on pp 32-33 above may be perused

Reimbursement of loss on a/c of Transport charges:

This dept may agree with the F & A. Dept. as at 'A' on p 33 above. for orders.

After orders are passed, the case may be passed on to Dev. Dept.

The increase in price is the only alternative to make up the loss

D.S. 22-1-51

FIN. (P.W.R.). Dev no. 8412 Bill/51-1

23-1-51

(Previous Finance note on page 7 above).

ADDITIONAL DEPUTY SECRETARY 23 JAN 1951 6133 FINANCE DEPARTMENT

Please see the note of F & A on pages 32-33 above. The file has been sent to this Dept. for remarks on the question of reimbursement of the loss of Rs. 91641-12-0 incurred by the The South Kanara Cooperative Central Stores Ltd., in 1944-45 on internal movement of food grains. F & A suggest that the Stores may be permitted to increase in future the sale price of food-grains by a suitable amount so as to recoup ~~suitable to recoup~~ the loss. Similar permission was given for the loss incurred in 1948-49. Development agree to the proposal of F & A. Submitted that Finance may also agree to the proposal.

23.1.51

F & A

Fin. U.O. 6133

24.1.51

Read at 5 PM

Food & Agri
A

Sub:- Procurement - Paddy & rice - South Kanara Dt - S.K.C.C.W. Stores - claim for transport charges & other claims ...

p1-2 cf — Ref(i) Lr. from the Pdt, S.K.C.C.W. Stores D.O. 971/45 F dt 15.1.51

To A.S.

... Pl. See the letter from the Pdt, S.K.C.C.W. Stores on p1-2 cf. ...

... The Pdt of the Stores requests immediate orders on the following two claims ...

pp1-2 cf — (i) Reimbursement of loss of Rs 91641-12-0 towards transport charges incurred by the Stores in 1946-45. and (ii) increase of the margin of allowances from 0-10-3 to 0-10-6 p.m. mura of rice ...

Item (ii) above A draft order has been put up in the connected file and it is in O/T. Orders will be issued on receipt of the file from O/T.

C no 28160 A/50 Submitted to Secy on 16/1/51 — Item 1 above It has been suggested in the main file that the loss of Rs 91641-12-0 may be re-imbursed to the Stores by suitably raising the wholesale issue price of rice. The file has been submitted to Secy. and the file has to be seen by Devt and Finance Depts. Orders in O/T will have to be taken. It will take some time to approve The Pdt The proposal finally may be informed that the claims of the Stores are receiving the consideration of the Govt and that orders will be issued shortly. For orders (on the closing in progress) Subject to orders, a draft memo is put up for approval.

Push this the main file please

17/1/51

17/1/51

17/1/51

17/1/51

To A.S. Food & Agri A

Previous notes of this Deptt. on p32-33 ante and the further notes of Deptt and Finance Deptt on p34 ante may be perused.

w.r.t. 'A' on p33 ante, Deptt and Finance have agreed with this Deptt's view. A note for on is put up at pp 37-39 below.

~~Regarding item 5, Substance of on board discharge, Directorate is having a separate file. Extract may be given to that section for necessary action.~~

Regarding item 3(a) & 3(b) & 4 on p30 ante, the Rd may be consulted. (vide orders at 'R' on p33 ante) A draft O.M. is put up below for approval. After issue of the memo, extract may be taken for dealing with these questions separately.

27/1/51

Two p/2

w.r.t. item 4 on p30 ante.

Approved in the

Rd
27/1/51

NOTE FOR CIRCULATION.

'D' on p 99 c/f of (R)

'B' on p 1 c/f

'G' on p 53 c/f

'Y' on p 55 c/f

'H' on p 29-30 ante

In G.O.678 Food dated 30-7-1949 the Govt. directed the South Kanara Central Cooperative Wholesale Stores to refund to Govt. the total sum of Rs.2,46,385-7-0 which was collected by the Stores on account of short payment to producers for belated deliveries of paddy and rice during the period 1944-47. Out of this, the Stores paid Rs.1,54,743-11-0 by 6-9-1950 and are still retaining Rs.91,641-12-0 due to Govt. The stores withheld this sum on the ground that their claim for Rs.91,641-12-0 being the loss incurred by them in the movement of foodgrains in 1944. They threatened the Govt. that they would terminate their procuring agency with effect from 1-1-1951 if the claim of Rs.91,641-12-0, the other claims referred to on p. 57 c.f. and the request for an additional margin of 3 pies per maund are not favourably considered and redress granted. The President of the Stores waited on a deputation on H.M.(Food) on 6-1-1951 and discussed the claims of the Stores. He explained that the scheme of procurement and Distribution by Govt. in 1944 was in its initial stages, that the Collector had only tentatively fixed certain transport charges and that the excess amount actually incurred for meeting transport charges should be made good to the Cooperative Stores which should not be penalised for having undertaken this work on behalf of Govt. He pointed out that similar transport charges arising in subsequent years have been allowed by Govt. and that there was no reason why the charges incurred in 1944-45 should be treated in a different way. He also pointed out that the small profit which the Society made in 1944-45 in respect of the Other activities of the Cooperative Stores should not be allowed to stand in the way of the loss in the circumstances being re-imbursed to the Cooperative Stores He desired that the Stores should be permitted to adjust this amount out of the penalties collected and retained in their custody. As a last resort, he requested that he would not object to the amount being passed on to the

consumers by a suitable price increase, though in his capacity as a citizen he would not suggest such a course. H.M.(Food) promised to examine the matter.

It may be stated that the question of re-imbursing the loss of Rs.91,641-12-0 incurred by the Stores towards transport charges in 1944-45 was examined ~~in the notes on p. 6-14 n.f. of (R)~~ and specific orders of the Cabinet were requested whether the penalty amount of Rs.67,683/- collected in 1944-45 might be credited to Govt. instead of allotting it to the Stores to compensate the loss incurred by them on transport charges. Orders were also requested whether the further penalty amount of Rs.1,78,702-7-0 collected during the subsequent years of 1945-46 and 1946-47 might be credited to the Govt. or whether it should be utilised for public purpose like the construction of T.B.Sanatorium etc. The cabinet ordered that one half of the total amount collected viz., 246,385-7-0(Rs.67683 and 178702-7-0) should be spent on T.B.Sanatorium and the rest credited to Govt. (Please see 'AA' on p. 67 c.f. of (R) and 'BB' on p. 62 n.f. of (R)) In view of these it may not be possible to adjust this amount of Rs.91,641-12-0(incurred by the stores towards transport charges in 1944-45) out of the penalties collected and retained in their custody, as desired by the President. The President has pointed out that similar transport charges arising in subsequent years have been allowed by the Govt. and there is no reason why the losses incurred in 1944-45 should be treated in a different way. Presumably the President is referring to the loss of Rs.102,359-12-3 incurred by the Stores towards transport charges in 1948-49. The Govt. re-imbursed this loss to the Stores by permitting the Stores to raise the wholesale issue price by a small amount in respect of stocks to be issued in future. The President suggests that this loss of Rs.91,641-12-0 may also be reimbursed to the Stores likewise. This Dept. agreed with his view. Devt. and Finance have also agreed to this. For orders whether the

S on p 59-60 c/f (R)

'H' on p 30 ante

p 5 c/f of (W) Memo 35371/A 29/7/52

✓ 'A' on p 33 ante

p 34 ante

28 160 A /

S / loss of Rs.91,641-12-0 incurred by the Stores may be re-imbursed to the stores by a suitable price increase.

The file may be circulated to H.M.(Food) and H.M.(Fin) for approval of the proposal at S. ~~on p. 39 ante~~ "S" above may be approved.

RPb 27/1/51 27.1.51 WD 28.1.51 29/1/51

SECRETARY TO GOVERNMENT 29 JAN 1951 FOOD AND AGRICULTURE DEPARTMENT

29/1/51

30/1 HM (Food) HM (Fin)

2.2

6422

ASSISTANT SECRETARY 2 FEB 1951 FOOD AND AGRICULTURE DEPARTMENT

WD 2/2/51 To A.S.

Pl. see the orders in Or. above. A draft order is put up for approval. Fin. may be informed.

Regarding items 3(a), 3(b) & 4 on p 30 ante, the Bd has been consulted. Relevant extracts may be taken for dealing with these questions separately.

RPb 3/2/51 3.2.51 WD 3/2/51 S / Fin

Regarding item 4 extracts given to A2. Memo sent to C.S.P. and. Rec'd C.No. 16346 A/50 Z 5/3/51

Returned from Secy 5/2/51

Resubmitted.

Please see the reminder since received from the President, S.K.C.C.W.Stores on p. 90 c.f. In the Memo. at (T) orders were issued ~~preventing~~ permitting the Stores to recoup the loss of Rs.102359-12-3 incurred in 1948-49 and Sales Tax thereon of Rs.1599-6-0 by increasing the price by 4 annas per maund. Secretary pointed out that any further increase now in the price ~~will be~~ to make good the loss of Rs.91641-12-0 ~~and~~ and hit hard the consumers that it might be given effect to after the Stores had completely recouped the loss of Rs.102359-12-3 plus the sales tax of Rs.1599-6-0. A revised draft order has accordingly been put up for approval. It may be stated that orders in circulation were

obtained to recoup the loss of Rs.91641-12-0 to the Stores by a suitable price increase. It was not then suggested as to when this enhancement of price should be given effect to. In the circumstances it is for consideration whether specific orders should be obtained in circulation on this point.

Finance may see.

2/2/51 7.2.57

7/2/57

My idea is slightly different. It is not absolutely necessary that the recoupment of this loss of 91,000 and odd rupees should commence only after the entire arrears under other items are fully realised. That may perhaps unduly prolong the period of recovery. If on the other hand we suggest that the present demand should also be collected in full along with the old arrear, it may have the effect of putting up the price for the consumer a little too high. What I would therefore suggest is that the increase in price should be a flat rate, taking into account the old arrear and the present loss which is to be recouped. In fixing the rate, the Collector should particularly bear in mind that the consumer's price should not be raised unduly at any time. That is to say, if by increasing the consumer's price by one rupee, the entire demand will be wiped out in four months, I would prefer the adoption of an eight anna increase, though the period of recovery may be prolonged to 8 months. Please redraft. There is no need to circulate the file again.

7/2/51

To A.S

W. r. t. orders of Secy above, a revised draft order is put up for approval. Finance may see before issue.

7/2/57

Returns C L on

13/2/51 13.2.57

7/2/57

13/2/51

Fin. U.O. 2816 A/Bo 14/2/57

- (Previous fin. note on p. 34 above).

The orders in circulation on p. 39 above and Re: draft order below may be perused and the case returned to F.&A. U.O.

14.2.51

14.2.51

File.

ASSISTANT SECRETARY 1245 15 FEB 1951 FOOD AND AGRICULTURE DEPARTMENT

No. U.O. 1165 P.W.R/51-1
15.2.51

To A.S.

Food & Agri
A

Pl. see the notes of Finance Dep above.

The draft order may now issue

16/2/51 16.2.51

(D.M.)

pp 93-94 cf

Issued as G.O. 283 F&A Dt. 16.2.51

To A.S.

As per G.O.678 Food dated 30-7-49, the S.K.C.C.W.Stores should remit to Govt. a sum of Rs.2,46,385-7-0 which was collected by the Stores on account of short payments to producers for belated deliveries of paddy and rice during the period, 1944-47. Out of this, the Stores paid Rs.1,54,743-11-0 by 6-9-1950 and are retaining Rs.91,641-12-0 due to Govt. The S.K.C.C.W.Stores in their resolution dated 6-8-1950 communicated with their letter No.971/45 Food dated 9-8-50 stated that the remittance of the penalty amount would be kept in abeyance till their claim for Rs.91641-12-0 towards transport charges incurred in 1944-45 is decided. Now that the Govt. have passed orders permitting the stores to re-imburse the loss of Rs.91,641-12-0 by a suitable price increase, we may ask the stores to remit the amount of Rs.91641-12-0 due to Govt. from the stores as per G.O. 678 Food dated 30-7-49. Forwarded.

on p 99-100 cf of (R)

'B' on p 1 cf
'G' on p 53 cf
'Z' on p 41 cf
Y p 37-39 cf

pp 93-94 cf

Yes
mus 21/2/51
A WD
on p 99-100 cf of (R)

A sum of Rs.4620-11-5 is due to the Stores by the Govt. towards excess collection against price surcharge. The Collector was asked not to refund this amount until the stores remit to the Government the collections made by it on short payment for late deliveries. The Collector may be asked to refund this sum after the stores remit the sum of Rs.91641-12-0. For orders.

Finance may see.

WB 20/2/51 mw 21/2/51

Dt 20/2/51 Y 20.2.51 WB 20/2/51 mw 21/2/51 S/ Fin

F+A. U.O. 28160 A/50-
22.2.51

ADDITIONAL DEPUTY SECRETARY
22 FEB 1951
14879
FINANCE DEPARTMENT

Fin.(P.W.R)

(Previously seen in Fin. on p. 41 above)

The further note of F+A on p.p 41-42 above may be perused.

Their proposals at 'A' on p. 41 above and at 'B' on p. 42 above may be agreed to in Fin.

C.A 22.2.51 28/2/51

23.2.51 F+A

Fin. U.O. 14879 P.W.R/51-
23.2.51

ASSISTANT SECRETARY
23 FEB 1951
14079
FOOD AND AGRICULTURE DEPARTMENT

To A.S.

Pl. see the notes of Finance Dept above.

W.r.t. orders at 'A' on p. 41 above and 'B' above, a draft O.M. is put up for approval.

Dt 24/2/51 WB 24/2/51 mw 24/2/51 Y 24.2.51 S

Issued as Memo No. 28160 A/50-SD) 26.2.51 [illegible]

Food & Agri
A

To A.S.

The memo on p 95-96 ante has since been issued.

W.r.t. orders at 'Z' on p 39 ante, relevant extracts have been taken for separate action. The file may now be closed & pd ante.

12/3/57 12.3.57

12/3/57